



General Assembly

Substitute Bill No. 366

February Session, 2016

* SB00366ET 032316 *

AN ACT CONCERNING ADMINISTRATION OF THE CONNECTICUT GREEN BANK, THE PRIORITY OF THE BENEFIT ASSESSMENTS LIEN UNDER THE GREEN BANK'S COMMERCIAL SUSTAINABLE ENERGY PROGRAM AND THE GREEN BANK'S SOLAR HOME RENEWABLE ENERGY CREDIT PROGRAM.

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

1 Section 1. Subsection (d) of section 16-245n of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (d) (1) (A) [There is established the Connecticut Green Bank, which
5 shall be within Connecticut Innovations, Incorporated, for
6 administrative purposes only.] The Connecticut Green Bank is hereby
7 established and created as a body politic and corporate, constituting a
8 public instrumentality and political subdivision of the state of
9 Connecticut established and created for the performance of an
10 essential public and governmental function. The Connecticut Green
11 Bank shall not be construed to be a department, institution or agency
12 of the state.

13 (B) The Connecticut Green Bank shall (i) develop separate programs
14 to finance and otherwise support clean energy investment in
15 residential, municipal, small business and larger commercial projects
16 and such others as the Connecticut Green Bank may determine; (ii)

17 support financing or other expenditures that promote investment in
18 clean energy sources in accordance with a comprehensive plan
19 developed by it to foster the growth, development and
20 commercialization of clean energy sources and related enterprises; and
21 (iii) stimulate demand for clean energy and the deployment of clean
22 energy sources within the state that serve end-use customers in the
23 state.

24 (C) The Clean Energy Finance and Investment Authority shall
25 constitute a successor agency to Connecticut Innovations,
26 Incorporated, for the purposes of administering the Clean Energy
27 Fund in accordance with section 4-38d. The Connecticut Green Bank
28 shall constitute a successor agency to the Clean Energy Finance and
29 Investment Authority for purposes of administering the Clean Energy
30 Fund in accordance with section 4-38d. The Connecticut Green Bank
31 shall have all the privileges, immunities, tax exemptions and other
32 exemptions of Connecticut Innovations, Incorporated, with respect to
33 said fund. The Connecticut Green Bank shall be subject to suit and
34 liability solely from the assets, revenues and resources of said bank
35 and without recourse to the general funds, revenues, resources or
36 other assets of Connecticut Innovations, Incorporated. The Connecticut
37 Green Bank may provide financial assistance in the form of grants,
38 loans, loan guarantees or debt and equity investments, as approved in
39 accordance with written procedures adopted pursuant to section 1-121.
40 The Connecticut Green Bank may assume or take title to any real
41 property, convey or dispose of its assets and pledge its revenues to
42 secure any borrowing, convey or dispose of its assets and pledge its
43 revenues to secure any borrowing, for the purpose of developing,
44 acquiring, constructing, refinancing, rehabilitating or improving its
45 assets or supporting its programs, provided each such borrowing or
46 mortgage, unless otherwise provided by the board or said bank, shall
47 be a special obligation of said bank, which obligation may be in the
48 form of bonds, bond anticipation notes or other obligations which
49 evidence an indebtedness to the extent permitted under this chapter to
50 fund, refinance and refund the same and provide for the rights of

51 holders thereof, and to secure the same by pledge of revenues, notes
52 and mortgages of others, and which shall be payable solely from the
53 assets, revenues and other resources of said bank and such bonds may
54 be secured by a special capital reserve fund contributed to by the state.
55 The Connecticut Green Bank shall have the purposes as provided by
56 resolution of said bank's board of directors, which purposes shall be
57 consistent with this section. No further action is required for the
58 establishment of the Connecticut Green Bank, except the adoption of a
59 resolution for said bank.

60 (D) In addition to, and not in limitation of, any other power of the
61 Connecticut Green Bank set forth in this section or any other provision
62 of the general statutes, said bank shall have and may exercise the
63 following powers in furtherance of or in carrying out its purposes:

64 (i) To have perpetual succession as a body corporate and to adopt
65 bylaws, policies and procedures for the regulation of its affairs and the
66 conduct of its business;

67 (ii) To make and enter into all contracts and agreements that are
68 necessary or incidental to the conduct of its business;

69 (iii) To invest in, acquire, lease, purchase, own, manage, hold, sell
70 and dispose of real or personal property or any interest therein;

71 (iv) To borrow money or guarantee a return to investors or lenders;

72 (v) To hold patents, copyrights, trademarks, marketing rights,
73 licenses or other rights in intellectual property;

74 (vi) To employ such assistants, agents and employees as may be
75 necessary or desirable, who shall be exempt from the classified service
76 and shall not be employees, as defined in subsection (b) of section 5-
77 270; establish all necessary or appropriate personnel practices and
78 policies, including those relating to hiring, promotion, compensation
79 and retirement, and said bank shall not be an employer, as defined in
80 subsection (a) of section 5-270; and engage consultants, attorneys,

81 financial advisers, appraisers and other professional advisers as may
82 be necessary or desirable;

83 (vii) To invest any funds not needed for immediate use or
84 disbursement pursuant to investment policies adopted by said bank's
85 board of directors;

86 (viii) To procure insurance against any loss or liability with respect
87 to its property or business of such types, in such amounts and from
88 such insurers as it deems desirable;

89 (ix) To enter into joint ventures and invest in, and participate with
90 any person, including, without limitation, government entities and
91 private corporations, in the formation, ownership, management and
92 operation of business entities, including stock and nonstock
93 corporations, limited liability companies and general or limited
94 partnerships, formed to advance the purposes of said bank, provided
95 members of the board of directors or officers or employees of said
96 bank may serve as directors, members or officers of any such business
97 entity, and such service shall be deemed to be in the discharge of the
98 duties or within the scope of the employment of any such director,
99 officer or employee, as the case may be, so long as such director, officer
100 or employee does not receive any compensation or financial benefit as
101 a result of serving in such role;

102 (x) To enter into a memorandum of understanding or other
103 arrangements with Connecticut Innovations, Incorporated, with
104 respect to the provision or sharing of space, office systems or staff
105 administrative support, on such terms as may be agreed to between
106 said bank and Connecticut Innovations, Incorporated; and

107 (xi) To do all other acts and things necessary or convenient to carry
108 out the purposes of said bank.

109 (E) (i) The Connecticut Green Bank may form one or more
110 subsidiaries to carry out the purposes of said bank, as described in
111 subparagraph (B) of subdivision (1) of this subsection, and may

112 transfer to any such subsidiary any moneys and real or personal
113 property of any kind or nature. Any subsidiary may be organized as a
114 stock or nonstock corporation or a limited liability company. Each such
115 subsidiary shall have and may exercise such powers of said bank, as
116 set forth in the resolution of the board of directors of said bank
117 prescribing the purposes for which such subsidiary is formed, and
118 such other powers provided to it by law.

119 (ii) Each subsidiary of said bank shall be deemed a quasi-public
120 agency for purposes of chapter 12 and shall have all the privileges,
121 immunities, tax exemptions and other exemptions of said bank, except
122 that in no event shall any such subsidiary have the power to hire or
123 otherwise retain employees and the governing documents of any such
124 subsidiary shall provide for the dissolution of such subsidiary upon
125 the completion of the purpose for which such subsidiary was formed.
126 Each such subsidiary may sue and shall be subject to suit, provided its
127 liability shall be limited solely to the assets, revenues and resources of
128 the subsidiary and without recourse to the general funds, revenues,
129 resources or any other assets of said bank. Each such subsidiary is
130 authorized to assume or take title to property subject to any existing
131 lien, encumbrance or mortgage and to mortgage, convey or dispose of
132 its assets and pledge its revenues to secure any borrowing, provided
133 each such borrowing or mortgage shall be a special obligation of the
134 subsidiary, which obligation may be in the form of bonds, bond
135 anticipation notes and other obligations, to fund and refund the same
136 and provide for the rights of the holders thereof, and to secure the
137 same by a pledge of revenues, notes and other assets and which shall
138 be payable solely from the revenues, assets and other resources of the
139 subsidiary. The Connecticut Green Bank may assign to a subsidiary
140 any rights, moneys or other assets it has under any governmental
141 program. No subsidiary of said bank shall borrow without the
142 approval of the board of directors of said bank.

143 (iii) Each such subsidiary shall act through its board of directors or
144 managing members, at least one-half of which shall be members of the

145 board of directors of said bank or their designees or officers or
146 employees of said bank.

147 (iv) The provisions of section 1-125 and this subsection shall apply
148 to any officer, director, designee or employee appointed as a member,
149 director or officer of any such subsidiary. Any such person so
150 appointed shall not be personally liable for the debts, obligations or
151 liabilities of any such subsidiary as provided in section 1-125. The
152 subsidiary shall, and said bank may, save harmless and indemnify
153 such officer, director, designee or employee as provided by section 1-
154 125.

155 (v) The Connecticut Green Bank, or such subsidiary, may take such
156 actions as are necessary to comply with the provisions of the Internal
157 Revenue Code of 1986, or any subsequent corresponding internal
158 revenue code of the United States, as amended from time to time, to
159 qualify and maintain any such subsidiary as a corporation exempt
160 from taxation under said code.

161 (vi) The Connecticut Green Bank may make loans to each such
162 subsidiary from its assets and the proceeds of its bonds, notes and
163 other obligations, provided the source and security for the repayment
164 of such loans is derived from the assets, revenues and resources of the
165 subsidiary.

166 (2) (A) The Connecticut Green Bank may seek to qualify as a
167 Community Development Financial Institution under Section 4702 of
168 the United States Code. If approved as a Community Development
169 Financial Institution, said bank would be treated as a qualified
170 community development entity for purposes of Section 45D and
171 Section 1400N(m) of the Internal Revenue Code.

172 (B) Before making any loan, loan guarantee, or such other form of
173 financing support or risk management for a clean energy project, the
174 Connecticut Green Bank shall develop standards to govern the
175 administration of said bank through rules, policies and procedures that

176 specify borrower eligibility, terms and conditions of support, and other
177 relevant criteria, standards or procedures.

178 (C) Funding sources specifically authorized include, but are not
179 limited to:

180 (i) Funds repurposed from existing programs providing financing
181 support for clean energy projects, provided any transfer of funds from
182 such existing programs shall be subject to approval by the General
183 Assembly and shall be used for expenses of financing, grants and
184 loans;

185 (ii) Any federal funds that can be used for the purposes specified in
186 subsection (c) of this section;

187 (iii) Charitable gifts, grants, contributions as well as loans from
188 individuals, corporations, university endowments and philanthropic
189 foundations;

190 (iv) Earnings and interest derived from financing support activities
191 for clean energy projects backed by the Connecticut Green Bank;

192 (v) If and to the extent that the Connecticut Green Bank qualifies as
193 a Community Development Financial Institution under Section 4702 of
194 the United States Code, funding from the Community Development
195 Financial Institution Fund administered by the United States
196 Department of Treasury, as well as loans from and investments by
197 depository institutions seeking to comply with their obligations under
198 the United States Community Reinvestment Act of 1977; and

199 (vi) The Connecticut Green Bank may enter into contracts with
200 private sources to raise capital. The average rate of return on such debt
201 or equity shall be set by the board of directors of said bank.

202 (D) The Connecticut Green Bank may provide financing support
203 under this subsection if said bank determines that the amount to be
204 financed by said bank and other nonequity financing sources do not

205 exceed eighty per cent of the cost to develop and deploy a clean energy
206 project or up to one hundred per cent of the cost of financing an energy
207 efficiency project.

208 (E) The Connecticut Green Bank may assess reasonable fees on its
209 financing activities to cover its reasonable costs and expenses, as
210 determined by the board.

211 (F) The Connecticut Green Bank shall make information regarding
212 the rates, terms and conditions for all of its financing support
213 transactions available to the public for inspection, including formal
214 annual reviews by both a private auditor conducted pursuant to
215 subdivision (2) of subsection (f) of this section and the Comptroller,
216 and providing details to the public on the Internet, provided public
217 disclosure shall be restricted for patentable ideas, trade secrets,
218 proprietary or confidential commercial or financial information,
219 disclosure of which may cause commercial harm to a
220 nongovernmental recipient of such financing support and for other
221 information exempt from public records disclosure pursuant to section
222 1-210.

223 (3) No director, officer, employee or agent of the Connecticut Green
224 Bank, while acting within the scope of his or her authority, shall be
225 subject to any personal liability resulting from exercising or carrying
226 out any of the Connecticut Green Bank's purposes or powers.

227 Sec. 2. Subsection (e) of section 16-245n of the general statutes is
228 repealed and the following is substituted in lieu thereof (*Effective from*
229 *passage*):

230 (e) (1) The powers of the Connecticut Green Bank shall be vested in
231 and exercised by a board of directors, which shall consist of eleven
232 voting and two nonvoting members each with knowledge and
233 expertise in matters related to the purpose and activities of said bank
234 appointed as follows: The Treasurer or the Treasurer's designee, the
235 Commissioner of Energy and Environmental Protection or the

236 commissioner's designee and the Commissioner of Economic and
237 Community Development or the commissioner's designee, each
238 serving ex officio, one member who shall represent a residential or
239 low-income group appointed by the speaker of the House of
240 Representatives for a term of four years, one member who shall have
241 experience in investment fund management appointed by the minority
242 leader of the House of Representatives for a term of three years, one
243 member who shall represent an environmental organization appointed
244 by the president pro tempore of the Senate for a term of four years,
245 and one member who shall have experience in the finance or
246 deployment of renewable energy appointed by the minority leader of
247 the Senate for a term of four years. Thereafter, such members of the
248 General Assembly shall appoint members of the board to succeed such
249 appointees whose terms expire and each member so appointed shall
250 hold office for a period of four years from the first day of July in the
251 year of his or her appointment. The Governor shall appoint four
252 members to the board as follows: Two for two years who shall have
253 experience in the finance of renewable energy; one for four years who
254 shall be a representative of a labor organization; and one who shall
255 have experience in research and development or manufacturing of
256 clean energy. Thereafter, the Governor shall appoint members of the
257 board to succeed such appointees whose terms expire and each
258 member so appointed shall hold office for a period of four years from
259 the first day of July in the year of his or her appointment. The
260 president of the Connecticut Green Bank shall be elected by the
261 members of the board. The president of the Connecticut Green Bank
262 and a member of the board of Connecticut Innovations, Incorporated,
263 appointed by the chairperson of the corporation shall serve on the
264 board in an ex-officio, nonvoting capacity. The Governor shall appoint
265 the chairperson of the board. The board shall elect from its members a
266 vice chairperson and such other officers as it deems necessary and
267 shall adopt such bylaws and procedures it deems necessary to carry
268 out its functions. The board may establish committees and
269 subcommittees as necessary to conduct its business.

270 (2) The members of the board of directors of the Connecticut Green
271 Bank shall adopt written procedures, in accordance with the
272 provisions of section 1-121, for: (A) Adopting an annual budget and
273 plan of operations, including a requirement of board approval before
274 the budget or plan may take effect; (B) hiring, dismissing, promoting
275 and compensating employees of said bank, including an affirmative
276 action policy and a requirement of board approval before a position
277 may be created or a vacancy filled; (C) acquiring real and personal
278 property and personal services, including a requirement of board
279 approval for any nonbudgeted expenditure in excess of five thousand
280 dollars; (D) contracting for financial, legal, bond underwriting and
281 other professional services, including a requirement that said bank
282 solicit proposals at least once every three years for each such service
283 that it uses; (E) issuing and retiring bonds, bond anticipation notes and
284 other obligations of said bank; (F) awarding loans, grants and other
285 financial assistance, including eligibility criteria, the application
286 process and the role played by said bank's staff and board of directors;
287 and (G) the use of surplus funds to the extent authorized under this
288 section or other provisions of the general statutes.

289 (3) Notwithstanding the provisions of any other law to the contrary,
290 it shall not constitute a conflict of interest for a trustee, director,
291 partner or officer of any person, firm or corporation, or any individual
292 having a financial interest in a person, firm or corporation, to serve as a
293 member of the board of directors of the Connecticut Green Bank,
294 provided such trustee, director, partner, officer or individual shall
295 abstain from deliberation, action or vote by the Connecticut Green
296 Bank in specific respect to such person, firm or corporation.

297 Sec. 3. Subsection (h) of section 16-245n of the general statutes is
298 repealed and the following is substituted in lieu thereof (*Effective from*
299 *passage*):

300 (h) The state of Connecticut does hereby pledge to and agree with
301 any person with whom the Connecticut Green Bank may enter into
302 contracts pursuant to the provisions of this section that the state will

303 not limit or alter the rights hereby vested in said bank until such
304 contracts and the obligations thereunder are fully met and performed
305 on the part of said bank, provided nothing herein contained shall
306 preclude such limitation or alteration if adequate provision shall be
307 made by law for the protection of such persons entering into contracts
308 with said bank.

309 (i) The powers enumerated in this section shall be interpreted
310 broadly to effectuate the purposes established in this section and shall
311 not be construed as a limitation of powers.

312 (j) To the extent that the provisions of this section are inconsistent
313 with the provisions of any general statute or special act or parts
314 thereof, the provisions of this section shall be deemed controlling.

315 ~~[(h)]~~ (k) (1) (A) Wherever the term "Clean Energy Finance and
316 Investment Authority" is used in the following general statutes, the
317 term "Connecticut Green Bank" shall be substituted in lieu thereof: 1-
318 79, 1-120, 1-124, 1-125, 7-233z, 16-244c, 16-245m, 16-245aa, 16-245bb, 16-
319 245ee, 16-245ff, as amended by this act, 16-245hh, 16-245kk, 16-245ll,
320 16-245mm, 16a-40d to 16a-40g, inclusive, as amended by this act, 16a-
321 40l, 16a-40m, 22a-200c and 32-141.

322 (B) Wherever the term "authority" is used in the following general
323 statutes, the term "bank" shall be substituted in lieu thereof: 16-245aa,
324 16-245ff, as amended by this act, 16-245hh, 16-245kk, 16-245ll, 16-
325 245mm and 16a-40e to 16a-40g, inclusive, as amended by this act.

326 (2) Wherever the term "Clean Energy Finance and Investment
327 Authority" is used in any public or special act of 2014, the term
328 "Connecticut Green Bank" shall be substituted in lieu thereof.

329 (3) The Legislative Commissioners' Office shall, in codifying the
330 provisions of this section, make such technical, grammatical and
331 punctuation changes as are necessary to carry out the purposes of this
332 section.

333 Sec. 4. Subsection (g) of section 16a-40g of the 2016 supplement to
334 the general statutes is repealed and the following is substituted in lieu
335 thereof (*Effective from passage*):

336 (g) Benefit assessments levied pursuant to this section and the
337 interest, fees and any penalties thereon shall constitute a lien against
338 the qualifying commercial real property on which they are made until
339 they are paid. Such lien, or if the financing agreement provides that the
340 benefit assessments shall be paid in installments then each installment
341 payment, shall be collected in the same manner as the property taxes
342 of the participating municipality on real property, including, in the
343 event of default or delinquency, with respect to any penalties, fees and
344 remedies. Each such lien may be recorded and released in the manner
345 provided for property tax liens and [, subject to the consent of existing
346 mortgage holders,] shall take precedence over all other liens or
347 encumbrances except a lien for taxes of the municipality on real
348 property, which lien for taxes shall have priority over such benefit
349 assessment lien, and provided that the precedence of such benefit
350 assessment lien over any lien held by an existing mortgage holder shall
351 be subject to the written consent of such existing mortgage holder. To
352 the extent benefit assessments are paid in installments and any such
353 installment is not paid when due, the benefit assessment lien may be
354 foreclosed to the extent of any unpaid installment payments and any
355 penalties, interest and fees related thereto. In the event such benefit
356 assessment lien is foreclosed, such benefit assessment lien shall survive
357 the judgment of foreclosure to the extent of any unpaid installment
358 payments of the benefit assessment secured by such benefit assessment
359 lien that were not the subject of such judgment.

360 Sec. 5. Subsections (a) to (d), inclusive, of section 16-245ff of the 2016
361 supplement to the general statutes are repealed and the following is
362 substituted in lieu thereof (*Effective from passage*):

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

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

367 (2) "Expected performance-based buydown" means an incentive
368 paid out as a one-time upfront incentive based on expected system
369 performance.

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

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

382 (b) The Connecticut Green Bank, established pursuant to section 16-
383 245n, as amended by this act, shall structure and implement a
384 residential solar investment program established pursuant to this
385 section [, which] that shall support the deployment of not more than
386 three hundred megawatts of new residential solar photovoltaic
387 installations located in this state on or before (1) December 31, 2022, or
388 (2) the deployment of three hundred megawatts of residential solar
389 photovoltaic installation, in the aggregate, whichever occurs sooner,
390 provided the bank [does] shall not approve direct financial incentives
391 under this section for more than one hundred megawatts of new
392 qualifying residential solar photovoltaic systems, in the aggregate,
393 between [the July 2, 2015,] the effective date of this section and April 1,
394 2016. The procurement and cost of such program shall be determined
395 by the bank in accordance with this section.

396 (c) The Connecticut Green Bank shall offer direct financial
397 incentives, in the form of performance-based incentives or expected
398 performance-based buydowns, for the purchase or lease of qualifying
399 residential solar photovoltaic systems or power purchase agreement
400 from such systems until the earlier of the following: (1) December 31,
401 2022, or (2) the deployment of three hundred megawatts, in the
402 aggregate, of residential solar photovoltaic installation. The bank shall
403 consider willingness to pay studies and verified solar photovoltaic
404 system characteristics, such as operational efficiency, size, location,
405 shading and orientation, when determining the type and amount of
406 incentive. Notwithstanding the provisions of subdivision (1) of
407 subsection (h) of section 16-244c, the amount of renewable energy
408 produced from Class I renewable energy sources receiving tariff
409 payments or included in utility rates under this section shall be
410 applied to reduce the electric distribution company's Class I renewable
411 energy source portfolio standard until the Public Utilities Regulatory
412 Authority approves the master purchase agreement pursuant to
413 subsection (e) of section 16-245gg, as amended by this act.

414 (d) The Connecticut Green Bank shall develop and publish on its
415 Internet web site a proposed schedule for the offering of performance-
416 based incentives or expected performance-based buydowns over the
417 duration of any such solar incentive program. Any such direct
418 financial incentives shall only apply to the first twenty kilowatts of
419 direct current of the qualifying residential solar photovoltaic system.
420 Such schedule shall: (1) Provide for a series of solar capacity blocks the
421 combined total of which shall be a maximum of three hundred
422 megawatts and projected incentive levels for each such block; (2)
423 provide incentives that are sufficient to meet reasonable payback
424 expectations of the residential consumer and provide such consumer
425 with a competitive electricity price, taking into consideration the
426 estimated cost of residential solar installations, the value of the energy
427 offset by the system, the cost of financing the system, and the
428 availability and estimated value of other incentives, including, but not
429 limited to, federal and state tax incentives and revenues from the sale

430 of solar home renewable energy credits; (3) provide incentives that
431 decline over time and will foster the sustained, orderly development of
432 a state-based solar industry; (4) automatically adjust to the next block
433 once the board has issued reservations for financial incentives
434 provided pursuant to this section from the board fully committing the
435 target solar capacity and available incentives in that block; and (5)
436 provide comparable economic incentives for the purchase or lease of
437 qualifying residential solar photovoltaic systems or power purchase
438 agreements from such systems. The Connecticut Green Bank may
439 retain the services of a third-party entity with expertise in the area of
440 solar energy program design to assist in the development of the
441 incentive schedule or schedules. The Department of Energy and
442 Environmental Protection shall review and approve such schedule.
443 Nothing in this subsection shall restrict the Connecticut Green Bank
444 from modifying the approved incentive schedule to account for
445 changes in federal or state law or regulation or developments in the
446 solar market when such changes would affect the expected return on
447 investment for a typical residential solar photovoltaic system by ten
448 per cent or more. Any such modification shall be subject to review and
449 approval by the department.

450 Sec. 6. Section 16-245gg of the 2016 supplement to the general
451 statutes is repealed and the following is substituted in lieu thereof
452 (*Effective from passage*):

453 (a) Not later than [one hundred eighty] two hundred fifty days after
454 July 1, 2015, the Connecticut Green Bank shall negotiate and develop
455 [a] master purchase [agreement] agreements with each electric
456 distribution company. Each such agreement shall [have a term of
457 fifteen years, and] require the electric distribution company to
458 purchase, annually, fifteen-year tranches of solar home renewable
459 energy credits produced by qualifying residential solar photovoltaic
460 systems. Each electric distribution company's annual obligation to
461 purchase fifteen-year tranches of solar home renewable energy credits
462 produced by qualifying residential solar photovoltaic systems begins

463 on the date that the Public Utilities Regulatory Authority approves the
464 master purchase agreement pursuant to subsection (e) of this section
465 and the obligation to purchase additional fifteen-year tranches expires
466 on December 31, 2022.

467 (b) Solar home renewable energy credits shall be owned by the
468 Connecticut Green Bank, until transferred to an electric distribution
469 company pursuant to a master purchase agreement in accordance with
470 subsection (a) of this section. A solar home renewable energy credit
471 shall have an effective life covering the year of its production and the
472 following calendar year. The obligation of the electric distribution
473 companies to purchase solar home renewable energy credits pursuant
474 to the master purchase agreement shall be apportioned [to electric
475 distribution companies based on their respective distribution system
476 loads at the commencement of the master purchase agreement period,
477 as determined by the authority] as follows: (1) In the service area of an
478 electric distribution company that has a service area of not more than
479 seventeen cities and towns, twenty per cent of the annual aggregate
480 credits; and (2) in the service area of an electric distribution company
481 that has a service area of eighteen or more cities and towns, eighty per
482 cent of the annual aggregate credits.

483 (c) Notwithstanding subdivision (1) of subsection (h) of section 16-
484 244c, an electric distribution company may retire the solar home
485 renewable energy credits it procures through the master purchase
486 agreement to satisfy its obligation pursuant to section 16-245a or such
487 company may resell such renewable energy credits, with the proceeds
488 from resale to be netted against contract costs.

489 (d) To develop a master purchase agreement, the Connecticut Green
490 Bank and an electric distribution company shall negotiate in good faith
491 the final terms of the draft master purchase agreement. Thirty days
492 after the date negotiations commence, either the Connecticut Green
493 Bank or an electric distribution company may initiate a docket
494 proceeding before the Public Utilities Regulatory Authority to resolve
495 any outstanding issues pertaining to the master purchase agreement.

496 (e) Upon completion of negotiations on a master purchase
497 agreement the Connecticut Green Bank and the electric distribution
498 company shall not later than January 1, 2016, and thereafter as
499 applicable, jointly file, with the authority, an application for approval
500 of the agreement by the authority. No such master purchase agreement
501 may become effective without approval of the authority. The authority
502 shall hold a contested case, in accordance with the provisions of
503 chapter 54, to approve, reject or modify an application for approval of
504 the master purchase agreement.

505 (f) The purchase price of solar home renewable energy credits shall
506 be determined by the Connecticut Green Bank, and such purchase
507 price shall decline over time commensurate with the schedule of
508 declining performance-based incentives and expected performance-
509 based buydowns. Such purchase price shall not exceed the lesser of
510 either (1) the price of small zero-emission renewable energy credit
511 projects for the preceding year, or (2) five dollars less per renewable
512 energy credit than the alternative compliance payment pursuant to
513 subsection (k) of section 16-245. [Any customer of an electric
514 distribution company that is eligible for the residential solar
515 investment program shall not be eligible for small zero-emission
516 renewable energy credits pursuant to section 16-244s.] Any solar
517 project located on a property that contains or will contain any
518 residence of a customer of an electric distribution company that is
519 determined to meet the Connecticut Green Bank criteria as a
520 residential dwelling for the residential solar investment program shall
521 not be eligible for small zero-emission renewable energy credits
522 pursuant to sections 16-244r and 16-244s or for low-emission
523 renewable energy credits pursuant to section 16-244t.

524 (g) The electric distribution companies' costs associated with
525 complying with this section shall be recoverable on a timely basis
526 through a fully reconciling, nonbypassable rate component. Nothing in
527 this section shall preclude the resale or other disposition of energy or
528 associated renewable energy credits purchased by an electric

529 distribution company, provided the electric distribution company shall
530 net the cost of payments made to projects under the master purchase
531 agreement against the proceeds of the sale of energy or renewable
532 energy credits and the difference shall be credited or charged to
533 electric distribution company customers through a reconciling
534 component of electric rates as determined by the authority that is
535 nonbypassable when switching electric suppliers.

536 (h) Each electric distribution company shall annually file with the
537 authority an accounting of all costs and fees incurred by such electric
538 distribution company while complying with the master purchase
539 agreement.

540 (i) Any certificates issued by the New England Power Pool
541 Generation Information System for Class I renewable energy credits
542 produced by a qualifying residential solar photovoltaic system after
543 the electric distribution company obligation, pursuant to subsections
544 (a) and (b) of this section, to purchase solar home renewable energy
545 credits from such system expires shall be transferred from the
546 Connecticut Green Bank to the electric distribution [company that
547 services the area where such residential solar photovoltaic system is
548 located] companies as follows: (1) In the service area of an electric
549 distribution company that has a service area of not more than
550 seventeen cities and towns, twenty per cent of such certificates; and (2)
551 in the service area of an electric distribution company that has a service
552 area of eighteen or more cities and towns, eighty per cent of such
553 certificates. The electric distribution company shall either [(1)] (A)
554 resell such credits into the New England Power Pool Generation
555 Information System renewable energy credit market, to be used by any
556 electric supplier or electric distribution company to meet the
557 requirements of section 16-245a, so long as the revenues from such sale
558 are credited to the electric distribution company's customers, or [(2)]
559 (B) retain such certificates to meet such company's requirements under
560 section 16-245a. In considering whether to sell or retain such
561 certificates, the company shall select the option that is in the best

562 interest of such company's ratepayers.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245n(d)
Sec. 2	<i>from passage</i>	16-245n(e)
Sec. 3	<i>from passage</i>	16-245n(h)
Sec. 4	<i>from passage</i>	16a-40g(g)
Sec. 5	<i>from passage</i>	16-245ff(a) to (d)
Sec. 6	<i>from passage</i>	16-245gg

Statement of Legislative Commissioners:

In Section 2(e)(2), "obligations of the authority" was changed to "obligations of said bank" for accuracy; and in the introductory language of Section 3, "Subdivision" was changed to "Subsection" for accuracy and consistency.

ET *Joint Favorable Subst.*