OLR Bill Analysis
sSB 336

AN ACT CONCERNING COMMUNITY SHARED SOLAR.

SUMMARY

This bill requires the Department of Energy and Environmental Protection (DEEP), in consultation with the Green Bank, to establish a statewide shared clean energy program and submit the program to the Public Utilities Regulatory Authority (PURA) by December 1, 2018. DEEP must also hold a public hearing and provide opportunity for public comment on the program before that date.

Under the bill, a shared clean energy facility is a Class I renewable energy source (e.g., solar or wind) of up to 5 megawatts (MW) in capacity that is served by an electric distribution company (EDC, i.e., Eversource and United Illuminating) and has two subscribers with meters in the EDC territory. Under the bill, the program DEEP establishes must allow facilities with no less than 300 MW of aggregate capacity to participate. (It is unclear whether this provision prevents DEEP from establishing a lower cap for the program or if the program cannot be implemented until it has 300 MW of capacity.)

The bill establishes requirements and goals for the program, including requiring all EDCs to implement the program under PURA-approved tariffs (i.e., rates). Under the bill, the program must allow EDCs to recover all reasonable costs and expenses prudently incurred to implement and operate the shared clean energy program through a reconciling component of electric rates, as determined by PURA.

The bill establishes an initial bill credit and also requires PURA to develop an alternative bill credit, which, under the bill, is a value-based bill credit equal to the value per kilowatt-hour (kWh) of the production of energy. Under the bill, the program must allow facilities that signed an interconnection service agreement before December 1,
2020, to use either the initial bill credit or the alternative bill credit once it is established. The bill also requires subscriber organizations for facilities that signed an interconnection service agreement after PURA approves an alternative bill credit to use the alternative bill credit. (It is unclear whether a facility that signed an agreement before December 1, 2020, but after PURA approves the alternative bill credit, would be able to use the initial bill credit.)

The bill requires PURA, after receiving the program from DEEP, to establish, by June 1, 2019, a rule (presumably on the program), a schedule to implement the program, and the alternative bill credit. PURA must also require each EDC to file, by August 1, 2019, all tariffs, agreements, and forms necessary to implement the program, as PURA requires. Under the bill, EDCs must file a description of their crediting system with PURA and begin to credit subscribers within 180 days after PURA’s rule becomes final.

EFFECTIVE DATE: October 1, 2018

PROGRAM REQUIREMENTS AND GOALS

The bill establishes several requirements and goals for the shared clean energy program DEEP establishes and submits to PURA. The program must permit shared clean energy facilities to be (1) built, owned, or operated by a subscriber organization or a third-party under contract with the subscriber organization and (2) created, financed, and accessible to retail electric customers. It must set a program implementation schedule and identify how the program will be promoted. (The bill also requires PURA to establish an implementation schedule after DEEP submits the program to PURA.) The bill also requires the program to include provisions for consumer protection, including information provided to potential subscribers to disclose future costs and benefits of subscriptions and disclaimers on decoupling and sale of renewable energy credits (REC). In this context, decoupling generally means marketing and selling the energy produced by a clean energy facility separately from the sale and promotion of its environmental attributes (i.e., RECs).
Subscribers

Under the bill, a subscriber to a shared clean energy program is an in-state retail end user of an EDC who has (1) at least one subscription to a shared clean energy facility interconnected with the EDC (presumably, interconnected to the electric grid in the EDC’s territory) and (2) identified an individual billing meter located in the same EDC service territory as the shared clean energy facility to assign the subscription. Under the bill, a subscription is a contract between a subscriber and the subscriber organization for a percentage share of a shared clean energy facility’s output.

Subscriber Organizations

The bill establishes requirements for subscriber organizations under the program DEEP establishes and submits to PURA. Under the bill, a subscriber organization is any for-profit or non-profit entity that owns or operates one or more shared clean energy facilities or contracts with a third-party to build, own, or operate such facilities. The bill prohibits a subscriber organization from being deemed a utility, public utility, or public service company solely because it owns or operates a clean energy facility or contracts with a third-party to build, own, or operate such a facility.

The bill requires subscriber organizations to provide EDCs, on a monthly basis:

1. a subscriber list indicating the percentage share of the shared clean energy facility’s energy output attributable to each subscriber and

2. subscription changes, if any, including subscriber information updates to reflect new and cancelling subscribers.

The bill also requires subscriber organizations to report to DEEP and the Connecticut Green Bank on January 1 and July 1 each year on the number of subscribers, their income levels, and zip codes. The program DEEP establishes must also identify all subscriber organization rules, fees, and charges.
Credits

The bill requires the program to allow subscriber organizations for a facility that signed an interconnection service agreement before December 1, 2020 to use either the initial bill credit or the alternative bill credit once it is established. Under the bill, the initial bill credit is equal to the cost per kilowatt-hour that the subscriber may have otherwise been charged, including transmission and distribution charges and excluding the combined public benefits charge, for each kilowatt-hour produced by a shared-clean energy facility that exceeds the total amount of kilowatt-hours used (presumably, by the facility) during an electric distribution company’s monthly billing period. The bill requires subscriber organizations for facilities that signed an interconnection service agreement after PURA approves an alternative bill credit to use the alternative bill credit. (It is unclear which requirement applies to subscriber organizations for facilities that signed agreements before December 1, 2020 if PURA approves an alternative bill credit before that date.)

The bill requires PURA to establish an alternative bill credit by June 1, 2019, after a contested case hearing. Under the bill, the alternative bill credit rate must account for the full costs and benefits of behind-the-meter distributed generation, including:

1. avoided transmission and distribution costs,

2. reliability,

3. resiliency,

4. market price suppression,

5. avoided costs of compliance with environmental and public health requirements, and

6. benefits for low-income customers and other co-benefits. (The bill does not define co-benefits.)

The bill requires the alternative bill credit rate to be simple and
easily understood by customers, subscribers, and subscriber organizations. It also requires the rate to ensure that the program meets the bill’s policy goals, including project development and access to shared clean energy by all customer classes.

The bill requires the program to allow subscriber organizations to accumulate bill credits and unassigned bill credits and provide a list to the EDCs at the end of each fiscal year that assigns such bill credits (presumably, unassigned bill credits) to subscribers. The bill does not specify how unassigned credits should be assigned. Under the bill, a bill credit is the monetary value of the electricity generated by a shared clean energy facility assigned to a subscriber to offset his or her electricity bill. An unassigned bill credit is, in any given EDC monthly billing period, a bill credit generated by a shared clean energy facility that is not assigned to a subscriber.

**Size and Location**

The bill requires the program to require shared clean energy facilities with a nameplate capacity of over 500 kilowatts to sell at least half of their total capacity to subscribers who purchase small subscriptions. Under the bill, a small subscription is not more than 25 kilowatts of a shared clean energy facility’s nameplate capacity.

Under the bill, the program must include guidelines regarding the co-location of two or more shared clean energy facilities on a single parcel of land. It must also allow a subscriber to retain their subscription if the subscriber relocates to an electric meter within the same EDC service territory.

**Low Income and Other Subscribers**

The bill requires the program to allow all rate classes to participate, including customers on competitive supply service. The program must also promote accessibility of shared clean energy facilities to all customer classes and consider incentives to encourage small subscribers and low-income subscribers to participate. The bill prohibits the program from requiring removal of customers from their customer class as a condition of program participation.
Under the bill, the program must include mechanisms to encourage program participation by various types of customers. While determining such mechanisms, the DEEP commissioner must (1) consult with PURA, the EDCs, stakeholders, the Connecticut Green Bank, and the Department of Economic and Community Development and (2) consider developing finance options, financial incentives, education and outreach programs, program participation goals, or requirements to encourage customer access and identify long-term funding sources to support the successful program adoption by low-income customers. The mechanisms must encourage the following types of customers to participate in the program:

1. residential;
2. small commercial;
3. low-income residential;
4. nonprofit; and
5. low-income service organization customers, which, under the bill, are for-profit or non-profit organizations that provide service or assistance to low-income individuals.

Under the bill, on or before January 1, 2022, the program must require that 10% of the aggregate total capacity of all shared clean energy facilities is sold to low-income subscribers and an additional 10% is sold to low-income subscribers, moderate-income subscribers, or low-income service organizations. (It is unclear whether the requirement must be established by January 1, 2022, or it expires on that date.)

The bill defines “low-income subscriber” as an in-state retail end user of an EDC company (1) whose income does not exceed 80% of the area median income (AMI) defined by the U.S. Department of Housing and Urban Development, adjusted for family size or (2) that is an affordable housing facility. By law, affordable housing is housing for which people with annual income at or below the AMI for the
municipality where the housing is located pay no more than 30% of their annual income. A moderate income subscriber under the bill is an in-state retail end user of an EDC whose income is between 80 and 100% of the AMI.

**EDCs**

The bill requires all EDCs to implement, under PURA-approved tariffs, the shared clean energy program DEEP establishes and submits to PURA.

Under the bill, the program must require EDCs to apply bill credits to subscriber bills not later than one billing cycle after the billing cycle in which the credit was generated and allow excess credits to carry over each monthly billing period until the end of the fiscal year. Under the bill, at the end of the fiscal year, the EDC must compensate the subscriber (presumably, for any remaining excess credits) at the avoided cost of energy. (The bill does not define avoided cost of energy.)

Under the bill, the program must require EDCs to provide subscriber organizations with a monthly report, in a PURA-approved, standardized electronic format, that states the (1) total value of bill credits generated by the shared clean energy facility in the prior month and (2) bill credit applied to each subscriber.

The bill requires EDCs to bill subscribers on the subscriber organization’s behalf if the:

1. subscriber organization provides written notice to the EDC;
2. subscriber has a small subscription, which, under the bill, is up to 25 kw of the shared clean energy facility’s nameplate capacity; and
3. subscriber organization pays the EDC’s costs associated with billing and collection from the subscriber, as PURA determines.

The bill requires the program to have nondiscriminatory and
efficient rules for EDCs for the interconnection of shared clean energy facilities to the electric grid. It also requires the program to permit EDCs to recover all reasonable costs and expenses prudently incurred for the program’s implementation and operation through a reconciling component of electric rates, as PURA determines.

**Preferences to Meet Program Goals**

The bill requires the program to offer additional preferences, including tariffs, incentives, and financing, to low-income subscribers and shared clean energy facilities that (1) benefit subscribers who reside in an environmental justice community (see BACKGROUND) or (2) have a nameplate capacity of 500 kilowatts or less that meet programmatic goals.

Under the bill, the programmatic goals aim to:

1. include workforce development opportunities for various communities, including low-income and environmental justice communities;

2. develop a process for regular program evaluation and adjustments to encourage participation by low-income and moderate-income residential customers, low-income affordable housing, and low-income service organizations; and

3. maximize benefits for low income customers, including low-income residential subscribers and low-income service organization subscribers.

Under the bill, the goal to maximize benefits for low income customers includes development of at least one mechanism that:

1. is structured as an assistance program model to reduce the subscriber’s energy burden and

2. integrates with (a) complementary agencies identified by the DEEP commission and the Connecticut Green Bank and (b) programs including low-income energy assistance and efficiency
Financing and Incentives

Under the bill, the program must permit a shared clean energy facility to access:

1. all available federal and state incentives, financing, tax credits and deductions;

2. ratepayer-funded incentives, including funds collected under the Clean Energy Fund, the zero-emission renewable energy credit (Z-REC) program, the low-emission renewable energy credit (L-REC) program, and any successor programs; and

3. direct incentives from the Green Bank or the conservation and load management program under applicable program requirements and limits.

BACKGROUND

Environmental Justice Community

By law, an environmental justice community is (1) any U.S. census block group, as determined by the most recent census, for which at least 30% of the population consists of low-income people who are not institutionalized and have an income below 200% of the federal poverty level or (2) a distressed municipality (CGS § 22a-20a).

Related Bills

sSB 9, favorably reported by the Energy and Technology Committee, requires EDCs to conduct annual solicitations to purchase energy and renewable energy certificates from certain renewable energy facilities that could include shared clean energy facilities similar to a municipal airport shared solar facility.

HB 5537, reported favorably by the Planning and Development Committee, requires the DEEP commissioner to establish a two-year municipal airport shared solar pilot program to help develop shared solar facilities located on municipal airports.
COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable
Yea  19   Nay  6   (03/29/2018)