COMMENTS OF THE COALITION FOR COMMUNITY SOLAR ACCESS
ON S.B.9, *AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE*
ENERGY & TECHNOLOGY COMMITTEE
March 1, 2018

Dear Members of the Energy & Technology Committee:

Thank you for the opportunity to submit these comments regarding Senate Bill 9, *An Act Concerning Connecticut's Energy Future*.

The Coalition for Community Solar Access (CCSA) is grateful for recent discussions with members of this Committee about introducing a second bill (Raised Bill 336) we feel will more effectively attract new investments, create jobs and reduce emissions through a statewide community solar program. A framework along the lines of Raised Bill 336 will correct some significant flaws in the Shared Clean Energy Facility (SCEF) provisions in SB 9, and we look forward to a hearing on Raised Bill 336 at a later date.

At this time, CCSA would oppose Sections 4 and 5 of SB 9, based on our belief – and drawing from the lessons learned in other states – that it will not create a viable community solar program in Connecticut.

CCSA is the national business-led trade organization that works to expand access to clean, local affordable energy through community solar. Our mission is to empower energy consumers, including renters, homeowners, and households of all socio-economic levels, by increasing their access to affordable, reliable clean energy. Our members have been involved in community solar legislation and implementation in all 16 states with community solar programs, and we're excited to be present these best practices to the Committee.

CCSA member companies have been actively engaged in the discussion around community solar in Connecticut for a number of years. We are grateful that the Department of Energy and Environmental Protection included a proposal for an expanded SCEF program in its 2018 Comprehensive Energy Strategy, which informed the text of SB 9.

However, the basic framework of SB 9 contains a number of significant flaws that will not create the viable, successful SCEF program that members of this Committee have sought for years:

<u>#1: Establishing a tariff is the correct approach for the long-term. But first, the community solar industry must be able to launch with a simpler credit rate that can be implemented now.</u>

Outside of a small, six-megawatt pilot program, the community solar industry does not currently exist in Connecticut. Community solar projects take time to develop and construct – development timeframes in neighboring states are in the range of two years for a two megawatt project – and development cannot begin in earnest until the bill credit rate is established, as developers will not be able to secure financing and invest significant funds in a market with unknown economics.

Based on experience in New York and other states, establishing a tariff specific to community solar is likely to require a lengthy regulatory process. If project development is forced to wait until this regulatory process is concluded, this will delay – potentially by years – the date when customers can actually begin enjoying the benefits of the program. It would also likely push projects past the 2019 deadline to begin construction to qualify for the 30 percent federal investment tax credit (ITC).

Launching the program with an initial tranche of projects using a simpler bill credit rate is a better approach: It will allow project development to begin immediately and give projects a chance to qualify for the full ITC, while stakeholders work to develop a more refined tariff for the next generation of the program.

Residential and other solar classes have been operating in Connecticut for many years under a net metering structure, while customers unable to install on-site solar have been waiting for their opportunity to participate. Allowing an initial set of community solar projects to move forward under net metering is a reasonable approach, giving stakeholders time to develop a new tariff without further delaying these customers' access to solar.

Community solar can quickly achieve the economies of scale in Connecticut that will reduce costs and expand access to millions of state residents. But lenders and developers will first need to overcome significant obstacles, and for that reason, the industry must be able to access net metering (as residential rooftop solar customers currently do) for a limited time before transitioning to a long-term tariff.

<u>#2: Capping annual utility purchases of renewable energy and environmental attributes at $35 million will artificially constrain jobs growth and make it much harder for Connecticut to meet its emissions mandates.</u>

CCSA applauds Gov. Malloy's remarks in the State of the State address that call for a faster and bolder transition toward a clean-energy future. Unfortunately, the annual procurement caps in SB 9 appear to contradict the Governor's remarks and intent. The $35 million annual cap would also apply to all distributed generation; with the addition of community solar into the mix, renewable energy developers would have to contend with a smaller pie that is actually divided up into more slices.

It is worth noting that this artificial procurement constraint will only slow growth in the renewable energy industry. The Solar Foundation's 2017 National Solar Jobs Census shows that there has been no growth in Connecticut's solar employment compared with 2016.[1] A well-constructed community solar program will brighten the outlook by attracting investments and creating new jobs; a recent report by Vote Solar concludes that a 200-megawatt community solar program could add 2,580 full-time jobs in Connecticut, while generating new property taxes for cash-strapped municipalities.[2] A 300-megawatt program (such as in Raised Bill 336) would generate even greater employment.

<u>#3: SB 9 will prolong the existing inequity of the solar energy market by making it very challenging for renters, those with smaller and historic homes, as well as low-income residents to switch to clean energy.</u>

At least 75 percent of Connecticut customers do not qualify for traditional rooftop solar because they don't own their homes, or their roofs are too small or shaded by trees or neighboring buildings. Community solar promises to finally open access to these customers, especially low- and moderate income residents for whom bill savings are especially critical.

SB 9's proposed annual procurement cap – under which all kinds of distributed generation would compete – would keep solar access out of reach for the overwhelming majority of Connecticut households and businesses for years.

In place of S.B.9's SCEF provisions, CCSA urges the Committee to enshrine the best practices seen in other states and adopt a robust community solar program this session to finally unlock the power of clean, local energy:

- Connecticut should establish a 300-megawatt community solar program – the same size as the Connecticut Green Bank's Residential Solar Incentive Program (RSIP).
- To attract new jobs and investment and allow the program to ramp up quickly, the program should initially rely on the current retail rate net metering structure used for rooftop solar, and then transition to a sustainable value-based credit structure that will reduce costs for the long term.
- While annual procurements may help get solar *assets* built, building a homegrown solar *industry* requires a statewide program that does not rely on annual deadlines and caps. An "always-on" program with clear rules and predictable compensation rates will help Connecticut fully achieve the employment and economic benefits of a robust community solar industry.
- The bill should have a special focus on low- and moderate-income customers by setting a goal for their participation at no less than 20 percent - which, if passed into law, would be one of the more robust low-income community solar programs in the nation. The Connecticut Green Bank

[1] http://www.thesolarfoundation.org/wp-content/uploads/2018/02/Solar-Jobs-By-State-1.pdf

[2] https://votesolar.org/usa/connecticut/updates/jobs/

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and other state agencies should work together to develop the necessary programmatic support needed to ensure successful program adoption by low-income customers.

Now is the time for Connecticut to join New York, Massachusetts, Rhode Island, and other states in eliminating the physical and ownership barriers to solar. A new community solar program will create and retain thousands of jobs and generate new tax revenues for our municipalities, while helping to meet Connecticut's ambitious climate change goals.

We thank the Committee for your consideration of these comments. Should you have questions please do not hesitate to contact me at (202) 524-8805 or jeff@communitysolaraccess.org.

Sincerely,

/s/ Jeff Cramer
Executive Director
Coalition for Community Solar Access