

**Testimony of Brendan Sharkey on behalf of Green Earth Energy Photovoltaics and Greenworks Lending**

**Senate Bill 9 – An Act Concerning Connecticut’s Energy Future**

**March 1, 2018**

Representative Reed, Senator Winfield and Senator Formica, and members of the Energy and Technology Committee, my name is Brendan Sharkey and I am offering testimony on **S.B. 9, An Act Concerning Connecticut’s Energy Future**. I represent two of the largest participants in Connecticut’s solar industry: Green Earth Energy Photovoltaics, and Greenworks Lending, and together we wish to offer our perspective on the future of Connecticut’s renewable energy incentives as embodied in the governor’s bill.

In general, we believe that S.B. 9 offers a correct approach for the renewal of existing incentive programs. The LREC and ZREC programs have proven over time to be an effective means of achieving the State’s Renewable Portfolio Standard. On the solar side, as the cost of installations have decreased due to improved technologies, those savings have been passed on to ratepayers through the reverse auction process. In turn, those economies have allowed for the growth of a successful solar industry in Connecticut that provides thousands of jobs and allows Connecticut businesses of all sizes to compete nationally despite our high energy costs.

With that said, we do have concerns about other aspects of the bill. Specifically, as we understand it, the requirement in Section 5 that all new Class I projects be sized to only meet the customer’s existing load is anti-consumer, anti-business, anti-environment and benefits only the utilities. In addition, the concept of creating a tariff for renewable sources, effectively eliminating net metering as we know it, will have similar negative impacts.

At its most basic level, the idea of allowing customers to produce and consume their own power is fundamental to the concept of promoting renewable energy. The financial benefit inherent in allowing a customer to offset her own energy costs while selling back excess generation is a cornerstone of an incentive-based distributed generation system. It not only benefits the customer, but it benefits the grid by reducing system demand. And together with ratepayer subsidies, these economics fuel the financial modeling that makes behind-the-meter Class I renewables possible to install.

Our concerns over the creation of a single tariff for renewables are twofold. First, the tariff pricing means that the customer will still have to pay demand charges and other maintenance costs based on his power purchased from the utilities, without benefiting from their reduced demand thanks to the power produced by their own system. The tariff offset for power produced from the renewable installation will not include these costs, making the net value of her installation significantly lower.

The other problem with a renewable tariff is that it values the power produced by all projects, large and small, as the same. Using solar as the example, the tariff has the effect of boxing out

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smaller installations in favor of larger ones, so that a small business with a smaller load profile and less roof area become less viable than a large manufacturer with ample roof space.

We realize that net metering limits certain revenue streams for the investor-owned utilities in our state by curbing the additional charges for demand costs and system maintenance they impose on customers. In turn, those lost revenues are recovered from the rest of the ratepayers. In practice, however, because of ZREC limitations, most solar installations for small and medium sized customers are already sized only to meet the onsite load. Only industrial scale installations, such as solar farms, are designed to generate significantly more power than they consume, and if this is the source of concern, perhaps those installations should be the subject of separate rules, including direct tie-in to the grid.

If the committee were to use S.B. 9 as the basis for the future of Connecticut's renewable energy incentives, we would specifically recommend the following:

1. Maintain and renew the existing ZREC and LREC programs for 10 years at the subsidy levels provided in the bill;
2. Continue existing Net Metering rules rather than establishing a separate tariff;
3. Allow for virtual net metering installations for community-based solar projects from municipalities and microgrid proposals; and require utility scale renewable projects to be tied in directly to the grid.
4. To maintain equity among program participants, ensure that at least fifty percent of the program consists of behind-the-meter installations.

I would only add that if the committee is interested in considering alternative programs, we can point to the newly adopted Smart Massachusetts Renewable Target ("SMART") Program as a guide, but with some significant reservations. My clients have an intimate knowledge of the SMART program from the extensive work they are already doing in Massachusetts, and it's best to say that their view of the program's benefits is decidedly mixed. They would be happy to offer their expertise to the committee should you wish to pursue that direction.

In the meantime, we realize that the development of a final bill will be a detailed process to be performed in a condensed time frame. I hope the perspectives we offer today is helpful, and I remain personally available to work with you as you continue this discussion.