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sSB-9
AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill makes several changes in the state's renewable energy and energy efficiency programs:

Sections 1-4 incrementally increase the renewable portfolio standard (RPS) requirements, starting on January 1, 2020. This is anticipated to increase electricity costs for the state and municipalities as ratepayers, beginning in FY 20, depending on the market-based cost of renewable energy credits (RECs).

Section 2 requires the Public Utilities Regulatory Authority (PURA) to establish procedures and forecast for long-term renewable contracts. It is anticipated that this provision would result in costs to PURA and the Office of Consumer Counsel (OCC) of approximately $25,000 to each agency beginning in each of FY 19 and FY 20 to hire consultants, as PURA and OCC currently do not have expertise to fulfill these requirements.

Section 7 requires PURA, by September 1, 2018 to open a proceeding to establish a procurement plan and tariffs for each electric distribution company (EDC). By July 1, 2019, and annually thereafter, each EDC must solicit and file for PURA's approval one or more 20-year tariffs consistent with the procurement plan. This may result in costs to the PURA and the Office of Consumer Counsel (OCC) of up to $100,000 in FY 19 or FY 20 for consultants to the extent the agencies do not currently have the expertise to fulfill these requirements.

Additionally, **Section 7** requires that the aggregate procurement and tariff purchases of energy and RECs by EDCs under certain programs must cost up to $35 million in the first year, and increase by $35 million annually for the next five years. The bill requires an EDC's net costs from the tariffs be charged to their customers, including the state and municipalities as ratepayers, under the non-bypassable fully reconciling component of the electric rates. Any revenues from the sale of products purchased under the tariffs must be credited to customers through the EDC's same rate component, which also includes the state and municipalities as ratepayers.

This section results in costs to PURA and OCC for outside consultants of approximately $100,000 for each agency to develop the complex tariff in each of FY 19 and FY 20 to develop and calculate the tariff requirements.

Section 8 allows the state to reduce energy consumption from 2020 through 2025. To the extent actual energy consumption decreases, there may be savings to various state agencies beginning in FY 20.

Section 9 redirects funds generated by the Conservation and Load Management (CL&M) Fund to be used directly by the electric utility companies without being directly deposited into the Connecticut Energy Efficiency Fund (CEEF), which the bill eliminates. PA 17-2, the FY 18-19 biennial budget, sweeps $63.5 million in each of FY 18 and FY 19. This provision makes it unclear if these funds would be available to the state in FY 20 with the redirection under this section.

Section 10 increases the current one mill per kilowatt hour charge on customer electric bills, including the state and municipalities, by another mill (to two mills total) that flow to the Clean Energy Fund, beginning July 1, 2019. This is anticipated to result in a revenue gain of approximately $26 million in FY 20.

Sections 11 - 25 make minor, technical and conforming changes that have no fiscal impact.

The Out Years

Sections 1-4 increase the Class I RPS requirements starting on January 1, 2021 through January 1, 2030. Currently, electric suppliers who provide power for the EDCs pay an alternative compliance payment (ACP) if they fail to meet the RPS requirements. Starting on January 1, 2021, the bill decreases the ACP for those EDCs failing to comply with the Class I RPS, from 5.5 cents per kWh to 4 cents per kWh. Since this cap is reduced, costs for electricity may be altered in the outyears, including the state and municipalities as ratepayers, depending on the market-based cost of RECs.

Any savings identified in **Section 8** above, associated with reduced energy consumption, would continue through 2025, to the extent actual energy consumption decreases.

The revenue gain identified in **Section 10** above, of approximately $26 million to the Clean Energy Fund, beginning in FY 20, would continue into the outyears until FY 25, when the two mill program, is eliminated.