OFFICE OF FISCAL ANALYSIS

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SB-9

AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.
AMENDMENT

LCO No.: 5432
File Copy No.: 460
Senate Calendar No.: 283

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The amendment strikes the underlying bill and its associated fiscal impact. Instead:

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).

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.

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 (CEF), 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.

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 CEF, beginning in FY 20, would continue into the outyears until FY 25, when the two mill program, is eliminated.