
OLR Bill Analysis

sHB 7251

AN ACT CONCERNING NET METERING, LONG-TERM CONTRACTS FOR CERTAIN CLASS I GENERATION PROJECTS, RENEWABLE ENERGY TARIFFS AND THE RESIDENTIAL SOLAR INVESTMENT PROGRAM AND REQUIRING A STUDY OF THE VALUE OF DISTRIBUTED GENERATION.

SUMMARY

This bill delays certain deadlines and requirements related to the establishment of new clean energy programs by the Department of Energy and Environmental Protection (DEEP) and the Public Utilities Regulatory Authority (PURA). PA 18-50 generally required DEEP and PURA to establish new tariff-based programs for the electric distribution companies (EDCs, i.e., Eversource and United Illuminating) to purchase energy and renewable energy credits (RECs) from qualifying (1) low-emission, zero-emission, and shared clean energy facilities and (2) residential customers with clean energy facilities. The bill delays the deadline for EDCs to begin seeking approval for certain contracts under these new programs from July 1, 2020, to July 1, 2022. It also delays the deadline for PURA to open a proceeding to establish tariffs for the new residential programs from September 1, 2019, to July 1, 2020.

In anticipation of those new programs being implemented, PA 18-50 also (1) established criteria to sunset the state's traditional monthly net metering program and (2) scheduled the state's REC program for certain low-emission and zero-emission facilities (L-REC/ Z-REC) to expire after 2019. However, the bill (1) delays the sunset for traditional net metering to December 31, 2021, and (2) extends the L-REC/ Z-REC program for two more years.

It also increases the amount of power that the Green Bank's Residential Solar Investment Program (RSIP) may deploy before it must expire, from 300 megawatts (MW) to 350 MW. By law,

unchanged by the act, the EDCs must begin offering to buy power and RECs under the new residential program once RSIP expires.

PA 18-50 requires PURA, in developing the new programs, to determine the period of time that will be used to calculate the net amount of energy produced by a facility and not consumed (with customers subsequently receiving compensation for their excess generation over this period). Current law requires this netting period to be either in real time, one day, or a fraction of a day. The bill allows PURA to also consider using a netting period greater than one day, up to and including one month.

The bill requires DEEP and PURA, by July 1, 2019, to open a proceeding to jointly study the value of distributed generation. They must report the study's findings to the Energy and Technology Committee by July 1, 2020. The bill also requires PURA to consider the study's findings when determining the tariffs for the new programs.

EFFECTIVE DATE: Upon passage

CURRENT PROGRAM EXTENSIONS

Traditional Net Metering (§ 1)

Historically, the state's net metering program has generally allowed customers who own certain renewable energy resources to earn billing credits when they generate more power than they use. These customers' generation and usage is netted on a monthly basis and the customers receive billing credits for their monthly excess generation at the retail electric rate (essentially "running the meter backwards").

Current law ends opportunities to begin this type of net metering for (1) residential customers when the Green Bank's Residential Solar Investment Program expires and (2) all other customers when PURA approves the procurement plan for PA 18-50's new zero-emission, low-emission, and shared clean energy programs. The bill instead requires opportunities to begin this type of net metering to end for all types of customers on December 31, 2021.

Under existing law, unchanged by the bill, customers who begin

traditional net metering before it sunsets may continue to do so until December 31, 2039, after which they will be subject to a PURA-determined rate.

L-REC/ Z-REC (§ 2)

Under the state's L-REC/ Z-REC program, EDCs must enter into 15-year contracts to procure \$8 million in RECs from certain low-emission (L-REC) and zero-emission (Z-REC) clean energy generation projects each year. The bill extends this requirement, which is currently scheduled to expire after 2019, for an additional two years.

As was required during each of the program's previous eight years, in years nine and ten the EDCs must annually enter into 15-year contracts to procure \$8 million of RECs. And as in the previous three years, in years nine and ten the bill allows EDCs to procure (1) up to \$4 million in RECs from Class I generation projects that are less than 1 MW in size and emit no pollutants and (2) up to \$4 million in RECs from Class I technologies that are less than 2 MW in size and have low emissions (i.e., no more than 0.07 pounds per megawatt-hour (MWh) of nitrogen oxides, 0.10 pounds per MWh of carbon monoxide, 0.02 pounds per MWh of volatile organic compounds, and one grain (presumably, of particulate matter) per 100 standard cubic feet). All projects must also be on the customer's side of the meter and serve the EDC's distribution system.

By law, any unallocated money for the program's procurements expires when PURA approves the procurement plan for the new zero-emission, low-emission, and shared clean energy programs.

When this program began in 2012, the law established a \$350 price cap per REC and allowed PURA to lower the cap by 3% to 7% annually in subsequent years. For contracts entered into in calendar years 2020 and 2021, the bill allows PURA to lower the price cap by 64% at least 90 days before the EDC solicitation (i.e., the same cap that applied in 2019). As was the case for past program years, PURA must (1) provide notice and an opportunity for public comment and (2) consider such factors as the actual bid results from the most recent solicitation and

reasonably foreseeable reductions in the cost of eligible technologies.

Residential Solar Investment Program (§ 4)

The Residential Solar Investment Program, administered by the Connecticut Green Bank, offers financial incentives to purchase or lease certain residential solar photovoltaic systems and requires the EDCs to purchase the renewable energy credits produced through the program. Under current law, the program must expire on December 31, 2022, or when the program deploys 300 MW of residential solar photovoltaic installations, whichever occurs earlier. The bill increases, from 300 MW to 350 MW, the MW threshold that triggers the program's expiration.

NEW RENEWABLE ENERGY PROGRAMS

The law (as enacted by PA 18-50) generally requires DEEP and PURA to establish new tariff-based programs through which the EDCs would purchase energy and RECs from qualifying (1) low-emission, zero-emission, and shared clean energy facilities and (2) residential customers with clean energy facilities. In developing these programs, the agencies and EDCs must, among other things, develop (1) a procurement plan for the EDCs to procure qualifying energy and RECs and (2) the tariffs (detailed rate schedules and rules) under which energy and RECs would be purchased.

Low-emission and Zero-emission Programs

The law requires PURA to begin a proceeding to establish tariffs for the new low-emission and zero-emission programs. In this proceeding, PURA must establish the period of time that will be used to calculate the net amount of energy produced by a facility and not consumed, which must be (1) in real time (i.e., simultaneous generation and use); (2) one day; or (3) in any fraction of a day. The bill allows PURA to also establish a netting period that is greater than one day, up to and including one month. It also requires PURA to consider the findings of the bill's value of distributed generation study in the proceeding.

Current law requires the EDCs, by July 1, 2020, to begin soliciting and filing for PURA's approval the projects that it selected under the

procurement plans and that are consistent with the PURA-approved tariffs. The bill extends this deadline to July 1, 2022.

Residential Program

Current law similarly requires PURA to open a proceeding to establish tariffs for the new residential clean energy program. The bill delays the deadline for PURA to do this from September 1, 2019, to July 1, 2020.

As with the proceeding to establish low-emission and zero-emission tariffs, current law also requires PURA’s proceeding for the residential tariffs to determine the period of time that will be used for calculating the net amount of energy produced by a facility and not consumed. The bill also (1) allows PURA to establish a netting period that is greater than one day, up to and including one month, and (2) requires PURA to consider the findings of the bill’s value of distributed generation study in the proceeding.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 25 Nay 0 (03/19/2019)