



House of Representatives

General Assembly

File No. 431

January Session, 2019

Substitute House Bill No. 7251

House of Representatives, April 4, 2019

The Committee on Energy and Technology reported through REP. ARCONTI of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16-243h of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 On and after January 1, 2000, and until [(1) for residential
4 customers, the expiration of the residential solar investment program
5 pursuant to subsection (b) of section 16-245ff, and (2) for all other
6 customers not covered in subdivision (1) of this section, the date the
7 Public Utilities Regulatory Authority approves the procurement plan
8 pursuant to subsection (a) of section 16-244z] December 31, 2021, each
9 electric supplier or any electric distribution company providing
10 standard offer, transitional standard offer, standard service or back-up
11 electric generation service, pursuant to section 16-244c, shall give a

12 credit for any electricity generated by a customer from a Class I
13 renewable energy source or a hydropower facility that has a nameplate
14 capacity rating of two megawatts or less for a term ending on
15 December 31, 2039. The electric distribution company providing
16 electric distribution services to such a customer shall make such
17 interconnections necessary to accomplish such purpose. An electric
18 distribution company, at the request of any residential customer
19 served by such company and if necessary to implement the provisions
20 of this section, shall provide for the installation of metering equipment
21 that [(A)] (1) measures electricity consumed by such customer from the
22 facilities of the electric distribution company, [(B)] (2) deducts from the
23 measurement the amount of electricity produced by the customer and
24 not consumed by the customer, and [(C)] (3) registers, for each billing
25 period, the net amount of electricity either [(i)] (A) consumed and
26 produced by the customer, or [(ii)] (B) the net amount of electricity
27 produced by the customer. If, in a given monthly billing period, a
28 customer-generator supplies more electricity to the electric distribution
29 system than the electric distribution company or electric supplier
30 delivers to the customer-generator, the electric distribution company
31 or electric supplier shall credit the customer-generator for the excess
32 by reducing the customer-generator's bill for the next monthly billing
33 period to compensate for the excess electricity from the customer-
34 generator in the previous billing period at a rate of one kilowatt-hour
35 for one kilowatt-hour produced. The electric distribution company or
36 electric supplier shall carry over the credits earned from monthly
37 billing period to monthly billing period, and the credits shall
38 accumulate until the end of the annualized period. At the end of each
39 annualized period, the electric distribution company or electric
40 supplier shall compensate the customer-generator for any excess
41 kilowatt-hours generated, at the avoided cost of wholesale power. A
42 customer who generates electricity from a generating unit with a
43 nameplate capacity of more than ten kilowatts of electricity pursuant
44 to the provisions of this section shall be assessed for the competitive
45 transition assessment, pursuant to section 16-245g and the systems
46 benefits charge, pursuant to section 16-245l, based on the amount of

47 electricity consumed by the customer from the facilities of the electric
48 distribution company without netting any electricity produced by the
49 customer. For purposes of this section, "residential customer" means a
50 customer of a single-family dwelling or multifamily dwelling
51 consisting of two to four units. The Public Utilities Regulatory
52 Authority shall establish a rate on a cents-per-kilowatt-hour basis for
53 the electric distribution company to purchase the electricity generated
54 by a customer pursuant to this section after December 31, 2039.

55 Sec. 2. Subsection (c) of section 16-244r of the general statutes is
56 repealed and the following is substituted in lieu thereof (*Effective from*
57 *passage*):

58 (c) (1) The aggregate procurement of renewable energy credits by
59 electric distribution companies pursuant to this section shall (A) be
60 eight million dollars in the first year, and (B) increase by an additional
61 eight million dollars per year in years two to four, inclusive.

62 (2) After year four, the authority shall review contracts entered into
63 pursuant to this section and if the cost of the technologies included in
64 such contracts have been reduced, the authority shall seek to enter new
65 contracts for the total of six years.

66 (3) After year six, the authority shall seek to enter new contracts for
67 the total of [~~eight~~] ten years.

68 (A) The aggregate procurement of renewable energy credits by
69 electric distribution companies pursuant to this subdivision shall (i)
70 increase by an additional eight million dollars per year in years five to
71 [~~eight~~] ten, inclusive, (ii) be [~~sixty-four~~] eighty million dollars in years
72 [~~nine~~] eleven to fifteen, inclusive, and (iii) decline by eight million
73 dollars per year in years sixteen to [~~twenty-three~~] twenty-five,
74 inclusive, provided any money not allocated in any given year may
75 roll into the next year's available funds. On the date of approval of the
76 procurement plan by the authority pursuant to subsection (a) of
77 section 16-244z, as amended by this act, any money not yet allocated
78 pursuant to this section shall expire.

79 (B) For the sixth, seventh, [and] eighth, ninth and tenth year
80 solicitations, each electric distribution company shall solicit and file
81 with the Public Utilities Regulatory Authority for its approval one or
82 more long-term contracts with owners or developers of Class I
83 generation projects that: (i) Emit no pollutants and that are less than
84 one thousand kilowatts in size, located on the customer side of the
85 revenue meter and serve the distribution system of the electric
86 distribution company, provided such contracts do not exceed fifty per
87 cent of the dollar amount established for years six, seven, [and] eight,
88 nine and ten under subparagraph (A) of this subdivision; and (ii) are
89 less than two megawatts in size, located on the customer side of the
90 revenue meter, serve the distribution system of the electric distribution
91 company, and use Class I technologies that have no emissions of no
92 more than 0.07 pounds per megawatt-hour of nitrogen oxides, 0.10
93 pounds per megawatt-hour of carbon monoxide, 0.02 pounds per
94 megawatt-hour of volatile organic compounds, and one grain per one
95 hundred standard cubic feet, provided such contracts do not exceed
96 fifty per cent of the dollar amount established for years six, seven,
97 [and] eight, nine and ten under subparagraph (A) of this subdivision.
98 The authority may give a preference to contracts for technologies
99 manufactured, researched or developed in the state.

100 (4) The production of a megawatt hour of electricity from a Class I
101 renewable energy source first placed in service on or after July 1, 2011,
102 shall create one renewable energy credit. A renewable energy credit
103 shall have an effective life covering the year in which the credit was
104 created and the following calendar year. The obligation to purchase
105 renewable energy credits shall be apportioned to electric distribution
106 companies based on their respective distribution system loads at the
107 commencement of the procurement period, as determined by the
108 authority. For contracts entered into in calendar year 2012, an electric
109 distribution company shall not be required to enter into a contract that
110 provides a payment of more than three hundred fifty dollars, per
111 renewable energy credit in any year over the term of the contract. For
112 contracts entered into in calendar years 2013 to 2017, inclusive, at least
113 ninety days before each annual electric distribution company

114 solicitation, the Public Utilities Regulatory Authority may lower the
115 renewable energy credit price cap specified in this subsection by three
116 to seven per cent annually, during each of the six years of the program
117 over the term of the contract. For contracts entered into in calendar
118 year 2018, at least ninety days before the electric distribution company
119 solicitation, the Public Utilities Regulatory Authority may lower the
120 renewable energy credit price cap specified in this subsection by sixty-
121 four per cent, during year seven of the program over the term of the
122 contract. For contracts entered into in calendar year 2019, at least
123 ninety days before the electric distribution company solicitation, the
124 Public Utilities Regulatory Authority may lower the renewable energy
125 credit price cap specified in this subsection by sixty-four per cent,
126 during year eight of the program over the term of the contract. For
127 contracts entered into in calendar year 2020, at least ninety days before
128 the electric distribution company solicitation, the Public Utilities
129 Regulatory Authority may lower the renewable energy credit price cap
130 specified in this subsection by sixty-four per cent, during year nine of
131 the program over the term of the contract. For contracts entered into in
132 calendar year 2021, at least ninety days before the electric distribution
133 company solicitation, the Public Utilities Regulatory Authority may
134 lower the renewable energy credit price cap specified in this subsection
135 by sixty-four per cent, during year ten of the program over the term of
136 the contract. In the course of lowering such price cap applicable to each
137 annual solicitation, the authority shall, after notice and opportunity for
138 public comment, consider such factors as the actual bid results from
139 the most recent electric distribution company solicitation and
140 reasonably foreseeable reductions in the cost of eligible technologies.

141 Sec. 3. Section 16-244z of the general statutes is repealed and the
142 following is substituted in lieu thereof (*Effective from passage*):

143 (a) (1) (A) On or before September 1, 2018, the Public Utilities
144 Regulatory Authority shall initiate a proceeding to establish a
145 procurement plan for each electric distribution company pursuant to
146 this subsection and may give a preference to technologies
147 manufactured, researched or developed in the state, provided such

148 procurement plan is consistent with and contributes to the
149 requirements to reduce greenhouse gas emissions in accordance with
150 section 22a-200a. Each electric distribution company shall develop
151 such procurement plan in consultation with the Department of Energy
152 and Environmental Protection and shall submit such procurement plan
153 to the authority not later than sixty days after the authority initiates the
154 proceeding pursuant to this subdivision, provided the department
155 shall submit the program requirements pursuant to subparagraph (C)
156 of this subdivision on or before July 1, 2019. The authority may require
157 such electric distribution companies to conduct separate solicitations
158 pursuant to subdivision (4) of this subsection for the resources in
159 subparagraphs (A), (B) and (C) of said subdivision, including separate
160 solicitations based upon the size of such resources to allow for a
161 diversity of selected projects.

162 (B) On or before September 1, 2018, the authority shall initiate a
163 proceeding to establish tariffs that provide for twenty-year terms of
164 service described in subdivision (3) of this subsection for each electric
165 distribution company pursuant to subparagraphs (A) and (B) of
166 subdivision (2) of this subsection. In such proceeding, the authority
167 shall establish the period of time that will be used for calculating the
168 net amount of energy produced by a facility and not consumed,
169 provided the authority shall assess whether to incorporate time-of-use
170 rates or other dynamic pricing and such period of time shall be either
171 (i) in real time, (ii) in one day, [or] (iii) in any fraction of a day not to
172 exceed one day, or (iv) in any period of time greater than one day up
173 to and including one month. In such proceeding, the authority shall
174 consider the findings of the study of the value of distributed
175 generation conducted pursuant to section 6 of this act. The rate for
176 such tariffs shall be established by the solicitation pursuant to
177 subdivision (2) of this subsection.

178 (C) On or before September 1, 2018, the Department of Energy and
179 Environmental Protection shall (i) initiate a proceeding to develop
180 program requirements and tariff proposals for shared clean energy
181 facilities eligible pursuant to subparagraph (C) of subdivision (2) of

182 this subsection, including, but not limited to, the requirements in
183 subdivision (6) of this subsection, and (ii) establish either or both of the
184 following tariff proposals: (I) A tariff proposal that includes a price cap
185 on a cents-per-kilowatt-hour basis for any procurement for such
186 resources based on the procurement results of any other procurement
187 issued pursuant to this subsection, and (II) a tariff proposal that
188 includes a tariff rate for customers eligible under subparagraph (C) of
189 subdivision (2) of this subsection based on energy policy goals
190 identified by the department in the Comprehensive Energy Strategy
191 pursuant to section 16a-3d. On or before July 1, 2019, the department
192 shall submit any such program requirements and tariff proposals to
193 the authority for review and approval. On or before January 1, 2020,
194 the authority shall approve or modify such program requirements and
195 tariff proposals submitted by the department. If the authority approves
196 two tariff proposals pursuant to this subparagraph, the authority shall
197 determine how much of the total compensation authorized for
198 customers eligible under this subparagraph pursuant to subparagraph
199 (A) of subdivision (1) of subsection (c) of this section shall be available
200 under each tariff.

201 (2) Not later than ~~July 1, 2020~~ July 1, 2022, and annually thereafter,
202 each electric distribution company shall solicit and file with the Public
203 Utilities Regulatory Authority for its approval one or more projects
204 selected resulting from any procurement issued pursuant to
205 subdivision (1) of this subsection that are consistent with the tariffs
206 approved by the authority pursuant to subparagraphs (B) and (C) of
207 subdivision (1) of this subsection and that are applicable to (A)
208 customers that own or develop new generation projects on a
209 customer's own premises that are less than two megawatts in size,
210 serve the distribution system of the electric distribution company, are
211 constructed after the solicitation conducted pursuant to subdivision (4)
212 of this subsection to which the customer is responding, and use a Class
213 I renewable energy source that either (i) uses anaerobic digestion, or
214 (ii) has emissions of no more than 0.07 pounds per megawatt-hour of
215 nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide,
216 0.02 pounds per megawatt-hour of volatile organic compounds and

217 one grain per one hundred standard cubic feet, (B) customers that own
218 or develop new generation projects on a customer's own premises that
219 are less than two megawatts in size, serve the distribution system of
220 the electric distribution company, are constructed after the solicitation
221 conducted pursuant to subdivision (4) of this subsection to which the
222 customer is responding, and use a Class I renewable energy source
223 that emits no pollutants, and (C) customers that own or develop new
224 generation projects that are a shared clean energy facility, as defined in
225 section 16-244x, and subscriptions, as defined in such section,
226 associated with such facility, consistent with the program
227 requirements developed pursuant to subparagraph (C) of subdivision
228 (1) of this subsection. Any project that is eligible pursuant to
229 subparagraph (C) of this subdivision shall not be eligible pursuant to
230 subparagraph (A) or (B) of this subdivision.

231 (3) A customer that is eligible pursuant to subparagraph (A) or (B)
232 of subdivision (2) of this subsection may elect in any such solicitation
233 to utilize either (A) a tariff for the purchase of all energy and
234 renewable energy certificates on a cents-per-kilowatt-hour basis, or (B)
235 a tariff for the purchase of any energy produced by a facility and not
236 consumed in the period of time established by the authority pursuant
237 to subparagraph (B) of subdivision (1) of this subsection and all
238 renewable energy certificates generated by such facility on a cents-per-
239 kilowatt-hour basis.

240 (4) Each electric distribution company shall conduct an annual
241 solicitation or solicitations, as determined by the authority, for the
242 purchase of energy and renewable energy certificates produced by
243 eligible generation projects under this subsection over the duration of
244 each applicable tariff. Generation projects eligible pursuant to
245 subparagraphs (A) and (B) of subdivision (2) of this subsection shall be
246 sized so as not to exceed the load at the customer's individual electric
247 meter or a set of electric meters, when such meters are combined for
248 billing purposes, from the electric distribution company providing
249 service to such customer, as determined by such electric distribution
250 company, unless such customer is a state, municipal or agricultural

251 customer, then such generation project shall be sized so as not to
252 exceed the load at such customer's individual electric meter or a set of
253 electric meters at the same customer premises, when such meters are
254 combined for billing purposes, and the load of up to five state,
255 municipal or agricultural beneficial accounts, as defined in section 16-
256 244u, identified by such state, municipal or agricultural customer, and
257 such state, municipal or agricultural customer may include the load of
258 up to five additional nonstate or municipal beneficial accounts, as
259 defined in section 16-244u, when sizing such generation project,
260 provided such accounts are critical facilities, as defined in subdivision
261 (2) of subsection (a) of section 16-243y, and are connected to a
262 microgrid.

263 (5) The maximum selected purchase price of energy and renewable
264 energy certificates on a cents-per-kilowatt-hour basis in any given
265 solicitation shall not exceed such maximum selected purchase price for
266 the same resources in the prior year's solicitation, unless the authority
267 makes a determination that there are changed circumstances in any
268 given year. For the first year solicitation issued pursuant to this
269 subsection, the authority shall establish a cap for the selected purchase
270 price for energy and renewable energy certificates on a cents-per-
271 kilowatt-hour basis for any resources authorized under this subsection.

272 (6) The program requirements for shared clean energy facilities
273 developed pursuant to subparagraph (C) of subdivision (1) of this
274 subsection shall include, but not be limited to, the following:

275 (A) The department shall allow cost-effective projects of various
276 nameplate capacities that may allow for the construction of multiple
277 projects in the service area of each electric distribution company that
278 operates within the state.

279 (B) The department shall determine the billing credit for any
280 subscriber of a shared clean energy facility that may be issued through
281 the electric distribution companies' monthly billing systems, and
282 establish consumer protections for subscribers and potential
283 subscribers of such a facility, including, but not limited to, disclosures

284 to be made when selling or reselling a subscription.

285 (C) Such program shall utilize one or more tariff mechanisms with
286 the electric distribution companies for a term not to exceed twenty
287 years, subject to approval by the Public Utilities Regulatory Authority,
288 to pay for the purchase of any energy products and renewable energy
289 certificates produced by any eligible shared clean energy facility, or to
290 deliver any billing credit of any such facility.

291 (D) The department shall limit subscribers to (i) low-income
292 customers, (ii) moderate-income customers, (iii) small business
293 customers, (iv) state or municipal customers, (v) commercial
294 customers, and (vi) residential customers who can demonstrate,
295 pursuant to criteria determined by the department in the program
296 requirements recommended by the department and approved by the
297 authority, that they are unable to utilize the tariffs offered pursuant to
298 subsection (b) of this section.

299 (E) The department shall require that (i) not less than ten per cent of
300 the total capacity of each shared clean energy facility is sold, given or
301 provided to low-income customers, and (ii) in addition to the
302 requirement of clause (i) of this subparagraph, not less than ten per
303 cent of the total capacity of each shared clean energy facility is sold,
304 given or provided to low-income customers, moderate-income
305 customers or low-income service organizations.

306 (F) The department may allow preferences to projects that serve
307 low-income customers and shared clean energy facilities that benefit
308 customers who reside in environmental justice communities.

309 (G) The department may create incentives or other financing
310 mechanisms to encourage participation by low-income customers.

311 (H) The department may require that not more than fifty per cent of
312 the total capacity of each shared clean energy facility is sold to
313 commercial customers.

314 (7) For purposes of this subsection:

315 (A) "Environmental justice community" has the same meaning as
316 provided in subsection (a) of section 22a-20a;

317 (B) "Low-income customer" means an in-state retail end user of an
318 electric distribution company (i) whose income does not exceed eighty
319 per cent of the area median income as defined by the United States
320 Department of Housing and Urban Development, adjusted for family
321 size, or (ii) that is an affordable housing facility as defined in section 8-
322 39a;

323 (C) "Low-income service organization" means a for-profit or
324 nonprofit organization that provides service or assistance to low-
325 income individuals;

326 (D) "Moderate-income customer" means an in-state retail end user
327 of an electric distribution company whose income is between eighty
328 per cent and one hundred per cent of the area median income as
329 defined by the United States Department of Housing and Urban
330 Development, adjusted for family size.

331 (b) (1) On or before [September 1, 2019] July 1, 2020, the authority
332 shall initiate a proceeding to establish (A) tariffs for each electric
333 distribution company pursuant to subdivision (2) of this subsection,
334 (B) a rate for such tariffs, which may be based upon the results of one
335 or more competitive solicitations issued pursuant to subsection (a) of
336 this section, or on the average cost of installing the generation project
337 and a reasonable rate of return that is just, reasonable and adequate, as
338 determined by the authority, and shall be guided by the
339 Comprehensive Energy Strategy prepared pursuant to section 16a-3d,
340 and (C) the period of time that will be used for calculating the net
341 amount of energy produced by a facility and not consumed, provided
342 the authority shall assess whether to incorporate time-of-use rates or
343 other dynamic pricing and such period of time shall be either (i) in real
344 time, (ii) in one day, [or] (iii) in any fraction of a day not to exceed one
345 day, or (iv) in any period of time greater than one day up to and
346 including one month. In such proceeding, the authority shall consider
347 the findings of the study of the value of distributed generation

348 conducted pursuant to section 6 of this act. The authority shall issue a
349 final decision in such proceeding on or before July 1, 2021. The
350 authority may modify such rate for new customers under this
351 subsection based on changed circumstances and may establish an
352 interim tariff rate prior to the expiration of the residential solar
353 investment program pursuant to subsection (b) of section 16-245ff, as
354 amended by this act, as an alternative to such program, provided any
355 residential customer utilizing a tariff pursuant to this subsection at
356 such customer's electric meter shall not be eligible for any incentives
357 offered pursuant to section 16-245ff, as amended by this act, at the
358 same such electric meter and any residential customer utilizing any
359 incentives offered pursuant to section 16-245ff, as amended by this act,
360 at such customer's electric meter shall not be eligible for a tariff
361 pursuant to this subsection at the same such electric meter.

362 (2) At the expiration of the residential solar investment program
363 pursuant to subsection (b) of section 16-245ff, as amended by this act,
364 each electric distribution company shall offer the following options to
365 residential customers for the purchase of products generated from a
366 Class I renewable energy source that is located on a customer's own
367 premises and has a nameplate capacity rating of twenty-five kilowatts
368 or less for a term not to exceed twenty years: (A) A tariff for the
369 purchase of all energy and renewable energy certificates on a cents-
370 per-kilowatt-hour basis; and (B) a tariff for the purchase of any energy
371 produced and not consumed in the period of time established by the
372 authority pursuant to subparagraph (C) of subdivision (1) of this
373 subsection and all renewable energy certificates generated by such
374 facility on a cents-per-kilowatt-hour basis. A residential customer shall
375 select either option authorized pursuant to subparagraph (A) or (B) of
376 this subdivision, consistent with the requirements of this section. Such
377 generation projects shall be sized so as not to exceed the load at the
378 customer's individual electric meter from the electric distribution
379 company providing service to such customer, as determined by such
380 electric distribution company. For purposes of this section, "residential
381 customer" means a customer of a single-family dwelling or a
382 multifamily dwelling consisting of two to four units.

383 (c) (1) (A) The aggregate total megawatts available to all customers
384 utilizing a procurement and tariff offered by electric distribution
385 companies pursuant to subsection (a) of this section shall be up to
386 eighty-five megawatts in year one and increase by up to an additional
387 eighty-five megawatts per year in each of the years two through six of
388 such a tariff, provided the total megawatts available to customers
389 eligible under subparagraph (A) of subdivision (2) of subsection (a) of
390 this section shall not exceed ten megawatts per year, the total
391 megawatts available to customers eligible under subparagraph (B) of
392 subdivision (2) of subsection (a) of this section shall not exceed fifty
393 megawatts per year and the total megawatts available to customers
394 eligible under subparagraph (C) of subdivision (2) of subsection (a) of
395 this section shall not exceed twenty-five megawatts per year. The
396 authority shall monitor the competitiveness of any procurements
397 authorized pursuant to subsection (a) of this section and may adjust
398 the annual purchase amount established in this subsection or other
399 procurement parameters to maintain competitiveness. Any megawatts
400 not allocated in any given year shall not roll into the next year's
401 available megawatts. The obligation to purchase energy and renewable
402 energy certificates shall be apportioned to electric distribution
403 companies based on their respective distribution system loads, as
404 determined by the authority.

405 (B) The electric distribution companies shall offer any tariffs
406 developed pursuant to subsection (b) of this section for six years. At
407 the end of the tariff term pursuant to subparagraph (B) of subdivision
408 (2) of subsection (b) of this section, residential customers that elected
409 the option pursuant to said subparagraph shall be credited all cents-
410 per-kilowatt-hour charges pursuant to the tariff rate for such customer
411 for energy produced by the Class I renewable energy source against
412 any energy that is consumed in real time by such residential customer.

413 (C) The authority shall establish tariffs for the purchase of energy on
414 a cents-per-kilowatt-hour basis at the expiration of any tariff terms
415 authorized pursuant to this section.

416 (2) At the beginning of year six of the procurements authorized
417 pursuant to this subsection, the department, in consultation with the
418 authority, shall assess the tariff offerings pursuant to this section and
419 determine if such offerings are competitive compared to the cost of the
420 technologies. The department shall report, in accordance with section
421 11-4a, the results of such determination to the General Assembly.

422 (3) For any tariff established pursuant to this section, the authority
423 shall examine how to incorporate the following energy system benefits
424 into the rate established for any such tariff: (A) Energy storage systems
425 that provide electric distribution benefits, (B) location of a facility on
426 the distribution system, (C) time-of-use rates or other dynamic pricing,
427 and (D) other energy policy benefits identified in the Comprehensive
428 Energy Strategy prepared pursuant to section 16a-3d.

429 (d) In accordance with subsection (h) of section 16-245a, the
430 authority shall determine which of the following two options is in the
431 best interest of ratepayers and shall direct each electric distribution
432 company to either (1) retire the renewable energy certificates it
433 purchases pursuant to subsections (a) and (b) of this section on behalf
434 of all ratepayers to satisfy the obligations of all electric suppliers and
435 electric distribution companies providing standard service or supplier
436 of last resort service pursuant to section 16-245a, or (2) sell such
437 renewable energy certificates into the New England Power Pool
438 Generation information system renewable energy credit market. The
439 authority shall establish procedures for the retirement of such
440 renewable energy certificates. Any net revenues from the sale of
441 products purchased in accordance with this section shall be credited to
442 customers through a nonbypassable fully reconciling component of
443 electric rates for all customers of the electric distribution company.

444 (e) The costs incurred by an electric distribution company pursuant
445 to this section shall be recovered on a timely basis through a
446 nonbypassable fully reconciling component of electric rates for all
447 customers of the electric distribution company. Any net revenues from
448 the sale of products purchased in accordance with any tariff offered

449 pursuant to this section shall be credited to customers through the
450 same fully reconciling rate component for all customers of such electric
451 distribution company.

452 Sec. 4. Subsection (b) of section 16-245ff of the general statutes is
453 repealed and the following is substituted in lieu thereof (*Effective from*
454 *passage*):

455 (b) The Connecticut Green Bank, established pursuant to section 16-
456 245n, shall structure and implement a residential solar investment
457 program established pursuant to this section that shall support the
458 deployment of not more than [three hundred] three hundred fifty
459 megawatts of new residential solar photovoltaic installations located in
460 this state on or before (1) December 31, 2022, or (2) the deployment of
461 [three hundred] three hundred fifty megawatts of residential solar
462 photovoltaic installation, in the aggregate, whichever occurs sooner,
463 provided the bank shall not approve direct financial incentives under
464 this section for more than one hundred megawatts of new qualifying
465 residential solar photovoltaic systems, in the aggregate, between July
466 2, 2015, and April 1, 2016. The procurement and cost of such program
467 shall be determined by the bank in accordance with this section.

468 Sec. 5. Subsection (a) of section 16-245gg of the general statutes is
469 repealed and the following is substituted in lieu thereof (*Effective from*
470 *passage*):

471 (a) Not later than July 1, 2016, the Connecticut Green Bank shall
472 negotiate and develop master purchase agreements with each electric
473 distribution company. Each such agreement shall require the electric
474 distribution company to purchase, annually, fifteen-year tranches of
475 solar home renewable energy credits produced by qualifying
476 residential solar photovoltaic systems. Each electric distribution
477 company's annual obligation to purchase fifteen-year tranches of solar
478 home renewable energy credits produced by qualifying residential
479 solar photovoltaic systems begins on the date that the Public Utilities
480 Regulatory Authority approves the master purchase agreement
481 pursuant to subsection (e) of this section and the obligation to

482 purchase additional fifteen-year tranches expires on December 31,
 483 2022, or after the deployment of [three hundred] three hundred fifty
 484 megawatts of residential solar photovoltaic installation, in the
 485 aggregate, whichever occurs earlier.

486 Sec. 6. (NEW) (*Effective from passage*) On or before July 1, 2019, the
 487 Department of Energy and Environmental Protection and the Public
 488 Utilities Regulatory Authority shall initiate a proceeding to jointly
 489 study the value of distributed generation. On or before July 1, 2020, the
 490 department and the authority shall jointly report the findings of such
 491 study, in accordance with the provisions of section 11-4a of the general
 492 statutes, to the joint standing committee of the General Assembly
 493 having cognizance of matters relating to energy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-243h
Sec. 2	<i>from passage</i>	16-244r(c)
Sec. 3	<i>from passage</i>	16-244z
Sec. 4	<i>from passage</i>	16-245ff(b)
Sec. 5	<i>from passage</i>	16-245gg(a)
Sec. 6	<i>from passage</i>	New section

ET Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill delays requirements that electric distribution companies (EDC's) enter into certain long-term renewable energy contracts from suppliers and delays a sunset provision related to the state's existing net metering program under PA 18-50, An Act Concerning Connecticut's Energy Future.

The bill results in short-term potential costs on the state and municipalities as ratepayers by delaying the provisions of PA 18-50 and therefore requiring EDC's to continue to purchase \$8 million in renewable energy credits for two additional years. Depending on the effect on the electric market due to extending this requirement, short term electric rates may increase, resulting in a cost to the state and municipalities. These potential costs are expected to occur in FY 22 and FY 23 and are expected to be minimal.

The Out Years

It is unknown how a new tariff-based net metering program, created in PA 18-50 and delayed in the bill, may affect ratepayers in the out years compared to the existing program.

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)