Energy and Technology Committee
JOINT FAVORABLE REPORT

Bill No.:	HB-7251
Title:	AN ACT CONCERNING LONG-TERM CONTRACTS FOR CERTAIN CLASS I GENERATION PROJECTS AND THE RESIDENTIAL SOLAR INVESTMENT PROGRAM AND REQUIRING A STUDY OF THE VALUE OF SOLAR.
Vote Date:	3/19/2019
Vote Action:	Joint Favorable Substitute
PH Date:	3/5/2019
File No.:	431

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SPONSORS OF BILL:

Energy and Technology Committee

REASONS FOR BILL:

HB 7251 was offered in an effort to extend solar incentives both in the residential and industrial sectors (LREC/ZREC & RSIP) as well as modify aspects of PA 18-50 (SB 9) that would have ended these programs. The bill adds two more years to the LREC/ZREC program while extending RSIP from 300MW to 350MW, which is approximately one year. HB 7251 upon enactment will also trigger the Public Utilities Regulatory Authority (PURA) to conduct a study on the Value of Solar that should help determine if a successor program is necessary or if modifications to the current model will suffice. Either way the study should determine a best model for solar installation that will foster the growth, support the workforce and help the state meet their green energy commitment goals.

RESPONSE FROM ADMINISTRATION/AGENCY:

Bryan Garcia, President and CEO, Connecticut Green Bank (Green Bank): The Connecticut Green Bank testifies in support of the concepts behind HB-7251, within the company's testimony they support Section 1 and Section 2 of HB-7251 and the extension of the zero-emission renewable energy credit (ZREC), the low-emission renewable energy credit (LREC) incentive program and the Residential Solar Investment Program (RSIP). Green Bank asks to amend the bill to 20 year purchasing power agreements for net metering on grandfathered systems as to align with the current ZREC-LREC and RSIP programs. In Green Bank's testimony, they make the following comments on jobs, underrepresented families, tariff, ITC, and Reasonable Rate of Return.

Green Bank's testimony presents two memos for the Committee. The first memo provides an update on the progress towards goals of the RSIP "toward 300 MW", as well as various tables and charts that illustrate past and current data regarding RSIP projects. The company recommends clarification of the legal and legislative intent of PA 18-50 in Section seven. In addition, Green Bank encourages the state to support opportunities to deploy clean energy technologies holistically and "cost-effectively," in the context of grid modernization, electrification of heating, cooling, and transportation. Moreover, lastly, the Green Bank supports DEEP's reforms of energy efficiency "cost-effectiveness" screening using the Resource Value Framework, and ideally, consideration should be given to applying this same framework to cost-effectiveness evaluation of all distributed energy resources. In the second memo they show the RISP program has been effective at reaching low and moderate income households and communities and should continue to be supported. Green Bank states as the RSIP approaches its statutory target of 300 MW; the company would like to confirm these future programs and policies address low-to-moderate income (LMI) communities. Green Bank strongly recommends that these programs and policies include mechanisms that facilitate the continued participation of historically disadvantaged households.

Joined by:
Selya Price, Director of Infrastructure Programs
Isabelle Hazlewood, Associate Manager

Katie S. Dykes, Commissioner, Department of Energy and Environmental Protection (DEEP): In Commissioner Katie Dykes's written testimony, they explain how DEEP supports the objectives in recognition of Public Act 18-25 and recognizes that more time may be needed than Public Act 18-50 currently allows for project developers and financiers. Overall, "DEEP supports this legislation's extended timeline for implementation of a new tariff structure" DEEP asks the committee to consider a time to end the current net metering structure and to pick a specific date in the future. Lastly, Dyke's testimony makes a point to comment on how the agency supports an open and transparent process to study the costs and benefits of distributed generation as well as look at how to best determine how the state can maximize the profits and minimize the values of solar power.

Elin Swanson Katz, Commissioner, Office of Consumer Counsel (OCC): The OCC opposes HB-7251at this time. They state that while they support the problems this bill is attempting to address it may ultimately delay issues among stakeholders about actually solving issues concerning the current solar matters. OCC would like to see continued progress toward creating competitive processes as well as bring down the price of solar for participants and non-participants. OCC maintains that work on a replacement to the LREC/ZREC program should be considered as well.

Representative Jesse Maclachlan, 35th District: Representative Jesse Maclachlan testifies in support the intention of HB-7251, although they believe there is room for improvement. Representative Maclachlan urges the committee to amend the language to give PURA the ability to look at an array of policy options, Maclachlan states the following:

- Keep the Sections in this bill that delay the implementation of PA 18-50 by extending the ZREC and RSIP programs
- Keep the value of the solar study, but allow more time for CASE to complete it. Other states have taken two-three years to do their studies. Six months is not enough time.
- Take the handcuffs off PURA and let it determine whatever new policy may be best, based on the findings from the study.

Representative Tom O'Dea, 125th District: Representative Tom O'Dea testifies in support of HB-7251, with the request that the language of this bill is modified to yield a better outcome for ratepayers and the solar industry. Representative O'Dea states that the legislature needs to give PURA the ability to examine a multitude of successor programs, not just the two options currently in the study. Additionally, O'Dea wants to guarantee there will be a study on solar in an effort to protect the jobs of those involved in the industry.

NATURE AND SOURCES OF SUPPORT:

Arthur Helmus and multiple residents of Connecticut testified in support of HB-7251, stating that this bill is taking small, yet essential, steps towards improving Connecticut's solar policies. The state's net metering program was set to be eliminated in a bill from last year "and is on track to be replaced by two flawed policies similar to those that have killed solar jobs in other states.". Suggestions were offered on possible adjustments that can be made to this bill to strengthen it. They recommend continuing our state's current residential and commercial solar policies while conducting the study implemented by HB 7251 that would evaluate new successor policies. They also also suggest we "lift arbitrary caps on commercial solar investment that will restrict development," as well as expanding and improving upon our shared solar program.

See link here for submitted letters

Claire Coleman, Climate and Energy Attorney, Connecticut Fund for the Environment (CFE): Claire Coleman testifies on behalf of CFE; the organization acknowledges the efforts of the Energy and Technology Committee to introduce the legislation seeking to address the changes to Connecticut's solar programs and moderately supports HB-7251, yet the organization discusses multiple issues.

She states the bill fails to address obstacles within Section seven of P.A. 18-50. CFE argues HB-7251 should not leave in place the successor solar programs mandated by SB 9 from last year. She references Connecticut low solar penetration levels and CFE is concerned about cost-shifting. The organization believes Connecticut should focus on increasing solar development, rather than terminating policies that will help us expand renewable energy and reduce climate volition. CFE urges the Committee to consider making improvements to the authorization of the statewide shared solar program.

"CFE supports the provisions in HB-7251 to delay the end of our current net metering programs by expanding the Green Bank's residential solar incentive program (RSIP) by an additional 100 MWs and extending the commercial solar incentive program (ZREC) for an additional year." Also, CFE supports the continuation of the RSIP.

In summary they state Connecticut should be supporting the growth of distributed generation solar (commercial, residential, and shared solar) and adopt policies that encourage this type of growth. They cite an Acadia Center study that claims this legislation "would result in approximately 1,960 new jobs in Connecticut, with that employment level sustained through 2030; increased personal income of at least $216 million, which means greater spending power and more in-state economic activity; approximately $13.6 million annually in new state tax revenue (personal income and sales taxes) generated by new jobs and economic activity." Finally CFE requests the removal of Section 7 of SB 9 from last year.

Ann Gadwah, Chapter Chair, Sierra Club: Sierra Club states that HB-7251 needs a lot of improvement to ensure a future for solar generation but are in support of the intent of the bill. "HB-7251 only delays the elimination of net metering." Thus the organization urges the

Committee to amend the bill and continue to net metering, to mandate a value of solar analysis, and to fully fund LREC/ZREC programs.

Joined by:

Samantha Dynowski, State Director

Chris & Sue Garrett: The Garrett's state their testimony they've begun the process of building a Zero Energy Smart Home however when they learned of the state's decision to eliminate net metering which they believe will drive electric prices higher; people will be unenthusiastic to transform their homes to greener and more efficient households. The Garretts urge the state to review their position so more homeowners can turn to renewable energy options in a cost-effective approach.

Stephan Hartmann, Employee, Ross Solar: Stephan Hartmann, a resident from Branford testifies in support of HB-7251. He suggests extending ZREC/LREC programs and claim that the value of solar studies need refinement. He warns that ending net metering would end the solar industry in Connecticut.

Ben Healy, Executive Vice-President, PosiGen: PosiGen is a solar company focused on serving low-and moderate-income (LMI) homeowners and blue-collar communities. PosiGen recommends to the Committee a set of policies to ensure Connecticut's success in the residential solar sector, includes the following:

- Extend the Green Bank's Residential Solar Investment Program for another 100 MW, including with a specific mandate to continue strong LMI incentive.
- Reinstate net metering through at least the end of the ITC,
- If restoring net metering is not viable, the company suggests the legislature mandate that any successor residential tariff language ensure comparable economics to homeowners as the one that currently exits.
- Connecticut should maintain the Green Bank's leadership concerning specific LMI incentives.

Will Hercher, CEO, Verogy: Herchel testifies on behalf of Verogy in support of HB-7251; however, the company's testimony considers that the bill does not go far enough and suggests that ZREC is extended for two years minimum. He also suggests the committee removes language granting PURA the ability to lower the renewable energy credit price cap.

John Humphries, Executive Director, Connecticut Roundtable on Climate and Jobs: John Humphries testifies on behalf of CT Roundtable on Climate and Jobs, and the management believes that HB-7251 proposed changes are insufficient to reverse the harm done by last year's law. "The extension of RISP and LREC/ZREC only delays implementation of a rate structure was found unworkable by PURA." And he claims it does not represent any significant progress. Humphries states if the Committee wants to extend RSIP and LREC/ZREC, the best solution would be to the stop implementation of PA 18-50, pending completion of a large Value of Solar study.

Patrick McDonnell, Vice President –Regulatory Affairs, UIL Holdings Corporation (UIL): Patrick McDonnell testifies on behalf of UIL in support of HB-7251; the company believes more time for this bill is essential and recommends a 50 MW increase to allow for one additional year of LREC/ZREC. Additionally, request that HB-7251 calls for DEEP to contract with the Connecticut Academy of Science and Engineering (CASE), they suggest that DEEP should have the latitude to contract an independent entity to conduct the study to so there wouldn't be any potential bias in the findings of the Value of Solar study. McDonnell attached a fact sheet about monthly energy reduction and avoided delivery and public benefits revenue from Class 1 net metered customers in 2018.

Ed Merrick, VP Policy & Government Relations, Trinity Solar: Trinity Solar, a residential solar installer support HB-7251, but with amendments. They specifically request an extension of RSIP by 100 MW and a thorough analysis of solar costs and benefits before setting any tariff rates. Otherwise, they feel that there is potential for the tariff rates to have prices either set too high or too low. If set too low, nothing will be installed; if set too high, funding will be deployed, possibly resulting in overpaying for the solar assets. "It is important to also note that it normally takes up to two years to conduct a value of solar study – not six months as the bill states."

Vincent Pace, Associate General Counsel, Eversource: Eversource recommends to the Committee that HB-7251 should provide Connecticut Academy of Science and Engineering the ability to conduct the study on solar so that it remains unbiased. Additionally, they suggest that it would be helpful to clarify Section 3 of the bill, in which, DEEP or CASE can solicit written comments from interested parties which CASE can evaluate them during the preparation of the solar report.

Stephen Pelton, Owner, EcoSmart Home Services: Stephen Pelton's company in East Berlin Connecticut performs energy audits for Eversource and United Illuminating offering homeowners upgrades. Pelton suggests the Committee play a significant role in giving guidance to PURA and Pelton looks forward to the changes of HB-7251.

Peter Rothstein, President, Northeast Clean Energy Council (NECEC): NECEC testifies in support with modifications towards HB-7251; the organization urges Legislature to prioritize corrective action to improve current programs and policies. Additionally, NECEC recommends that the Committee modifies the legislation to take further steps to remove aspects of P.A. 18-50. In summary, NECEC supports the bill as taking steps in the correct direction; however, the organization expresses its concerns with the development of sustainable solar policy. They urge the Committee to build on the foundation in HB-7251 and enhance the efficacy in averting the impacts.

Joined by:
Jamie Dickerson, Senior Policy Manager

Amy McLean Salls, Connecticut Director and Senior Policy Advocate, Acadia Center: Acadia Center appreciates the work done by the legislators to address the issues and fixes for PA 18-50 legislation. Amy McLean Salls states that there are good elements and bad elements of HB-7251, and believes the committee can fix the bad component while retaining the good. She joins many in suggesting extending ZREC/LREC as well protecting the best parts of net metering.

James Schwartz, Co-Owner, Independence Solar, LLC: Independence Solar is a small business that develops and installs commercial solar projects and is located in Essex Connecticut. James Schwartz comments on HB-7251 and supports extending the commercial ZREC program to provide more time to craft a successor program. Schwartz recommends adding both a Yr 9 and Yr 10, as it will take more time to navigate the transition and policy gaps lead to (1) job losses and (2) increased costs for consumers. They also urge comment on restoring ZREC funding to original $8 million/year level; commercial solar has been shrinking since those cuts were performed. Lastly, Schwartz recommends clarifying that 64% ZREC price cap reduction is off of original price cap and that there has already been a 64% reduction implemented by PURA; a further 64% would render the program unfeasible.

Troy van Belle, Northeast Director of Sales, Vivint Solar, Inc: Troy van Belle testifies on behalf of 80 Vivint Solar employees who serve 3,200 Connecticut customers. Belle expresses in their written testimony that they have lost 20 employees so far, due to SB-9. They request that the Committee gives solar a chance to grow by allowing for PURA to consider other options than a buy all/sell all or instantons netting as the successor to net metering.

Stephen Lassiter, Manager and Public Policy, Sunrun: The companies Sunrun and Vivint Solar joined their testimony together in the optimism of having HB-7251 altered in ways. Both companies fully support Section two and three of HB-7251; however, their concerns with the bill is that it does not change the previous year's SB-9 policies that negatively impact solar in other states. The companies urge the committee to pause implementation of SB-9's policies and to continue the current programs until a value of solar study or other better policy options arise.

Joined by:
Erica Dahl, Vice President and Public Policy, Vivint Solar

David Sutherland, Director – Government Relations, The Nature Conservancy: David Sutherland testifies in concern of HB-7251, due to the issues that PA 18-50 has created. In Sutherland's testimony he explains his support for the proposal submitted by a coalition of solar companies as well as the necessary extensions of the RSIP and LREC/ZREC programs. He states that unless HB-7251 is amended to reverse PA 18-50's changes to net metering, the state will remain uncertain for the residential solar industry.

NATURE AND SOURCES OF OPPOSITION:

Noel Lafayette, President, Solar Connecticut: Solar Connecticut testifies in opposition of HB-7251 because they feel the bill fails to have language that would have any significant changes to ensure the development of Connecticut commercial solar industry. Lafayette explains that Connecticut should be increasing its investment in solar on commercial business rooftops. Layette states "to increase solar jobs and help more state businesses lower their energy bill by installing solar. The Committee would have to double the 2012 investment level in HB-7251's ZREC/LREC levels in year 9 and add then add a year 10 at the same level."

Joined by:
Mike Trahan, Executive Director

Chris Phelps, State Director, Environment Connecticut: Chris Phelps testifies on behalf of Environment Connecticut in opposition of HB-7251 in its current form, due to the failure to "fix the damage done by PA 18-50." Environment Connecticut urges the committee to make changes that can restore policies supporting continued growth for solar power in Connecticut. The agency states the following:

• Maintain net metering policy in the same form it existed before PA 18-50 and considered an approach to evolving the system in future years. – Without this change, our state would be almost sure to follow Maine, Nevada, and Utah down the path of no solar power growth, higher prices, and job losses.

• Extend for at least two more years the very successful ZREC/LREC program that has supported a significant increase of commercial solar projects.

• Eliminate caps on the amount of both commercial and residential solar power that can be built in Connecticut. The policy of the state should be to encourage, the growth of solar energy.

Robin K. Dutta, Director – Market Development and Policy, SunPower Corporation:
Robin K. Dutta testifies on behalf of SunPower Corporation in opposition of HB-7251 in its current form. SunPower explains that HB-7251's intention means well; however, the bill requires much-needed work before it can accomplish its good intent. SunPower explains that HB-7251 should include a "pause" on the dismantling of net metering for residential systems through the extension of the RSIP, as well as believes that LREC/ZREC programs should be extended by two years.

Reported by: Elizabeth Blackman Date: 4/4/19