LODESTAR ENERGY

March 4, 2020

Energy and Technology Committee
201 Capital Avenue
Hartford, CT 06106

Re: SB 10, HB 5351, SB 290

Members of the Energy and Technology Committee:

Lodestar Energy is a renewable energy company headquartered in Avon, CT. We are a market leader in the development of energy solutions, storage facilities, microgrids, community-shared solar facilities, and Virtual Net Metering facilities for commercial, governmental, residential and non-profits. In Connecticut, Massachusetts and New York Lodestar has developed over 100 MW of renewable energy assets valued at over $150,000,000. Lodestar is not only the developer of its assets, but owns, operates and maintains it facilities including 12 MW of assets (25% of all VNM facilities in CT). Lodestar continues to enable its clients to enhance their efficiency by reducing their operating expenses.

As an employer in the Connecticut, we provide high paying, professional and skilled jobs. Due to the lack of efficient long-term policy design, our growth has been significantly hindered. We are excited about the opportunity to continue to shape Connecticut's business and energy future. Our comments on the following bills will help shape the appropriate policy to create additional opportunities in Connecticut both economically and environmentally.

SB 10 (Support)
Lodestar supports the requirement for 0% greenhouse gas emissions from CT's electricity sector by the year 2040.

Lodestar supports the procurement of DR and energy storage to enable the transition to 100% clean energy.

HB 5351 (Support)
Lodestar supports deployment of 1,000 MW of energy storage by 2030, with the following requirements:

- Solicitations should include **large scale, residential and C&I** customer opportunities.

Lodestar supports solicitation for storage projects collocated with 2MW-20MW Class 1 resources.

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SB 290 (Support with amendments)

Lodestar supports removing the exemption for virtual net metering ("VNM") projects (under section 16-244u) that all net export Class 1 facilities, including VNM, will pay some property taxes to host municipalities provided such rate is uniform across the State.

Amend to include a uniform capacity tax ("UCT") of $5,000 per MW-AC for all annual net-export Class 1 facilities that come online after 06/01/2020. A UCT would benefit all stakeholders for the following reasons:

- Host municipalities would receive property tax revenue from any net-export Class 1 project, even if VNM.
- Relieves huge current burden on host municipalities to negotiate one-off solar tax agreements for the 1-2 projects that may be located in their town.
- Saves developers considerable expense in negotiating one-off agreements with towns, which in turn lowers their prices bid into the competitive auctions and saves CT ratepayer dollars.
- **Amend to remove VNM program caps for next 2 years so additional municipalities can benefit from VNM savings while waiting for DEEP's new DG tariffs to go into effect in 2022 or later.**

Very truly yours,

Jeffrey J. Macel, Esq.
Lodestar Energy

Jaime A. Smith
Lodestar Energy

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EXHIBIT A
VNM Program Benefits

Benefits

- Guaranteed Town savings
  - $1,500,000 Town savings over term of VNM contract; $75,000 per year.
- Job creation
  - Construction, Engineering, Professional (Legal/Accounting); Operations and Management
- Highest and Best Use Land
  - Real Estate Taxes
    - Hosts of solar sites are receiving significant tax revenue from sites with no other viable uses. Use of otherwise "useless" land. Gravel pits, landfills, brownfields, unproductive land rather than rooftops or municipal land with higher and better uses
- Grid Modernization and Resiliency
  - Average of $500,000 per project in grid upgrades contributed
- Environmental Benefits
  - Enables State to achieve Renewal Portfolio Standard (RPS)
  - NO EMMISSION energy generation
  - No transmission line upgrades
  - 100% clean renewable energy generation with long project lifetime

Towns Currently Benefitting

Beacon Falls
Bethel
Branford
Cheshire
Clinton
Middletown
Milford
Newtown
Oxford
Plainville
Rocky Hill
South Windsor
Stafford Springs
Thompson
Suffield
Vernon
Weston
Westport
Wilton
Woodstock

Sample Savings

Town of South Windsor and SW BOE is offsetting 90% of its energy with VNM for 3 solar projects. They are saving =~$200,000 per year, and over $3,500,000 over the term of the VNM.

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Response to EDC "Cost Shift" Allegation

The EDCs have testified to PURA that there is a cost-shift from the Towns participating in VNM to those not participating in VNM. The have stated that the cost shift is in excess of $5,500,000 per year. [1]

The dollar figure reported by Eversource is the TOTAL amount of the credits for systems that are in service, NOT "COST TO THE RATEPAYER". At best, this is a GROSS over-exaggeration of the cost. VNM is comprised of two parts: (1) Generation and (2) Distribution. ACCEPTING ALL OF EVERSOURCES ARGUMENTS (which we do not agree with) that a cost shift is true, the amount should be corrected to represent the true cost of $117,553:

(1) Generation Is Disqualified. Since deregulation in the late 1990s, the utilities have not had a regulated monopoly on the sale of electricity, but only on the distribution. Therefore any amount ascribed to the generation portion of the VNM credit should not be considered as part of the "cost shift."

(2) Eversource Retains 60% Of The Distribution Credit. On the distribution side, Eversource retains 60% of the credit amount. This was a solution lobbied for by the utilities when the law was passed in 2013. Eversource made significant comments to the legislature and the PURA to obtain this right claiming it represented a fair apportionment of the "costs" to them and other ratepayers.

(3) The Highest Amount that Could be Claimed for a Cost shift is 1,305,937. Assuming Eversource's cost-shift analysis is true, the greatest amount that could be claimed is 22% of the In-Service VNM Credits – or $1.3M. AT BEST, the MOST Eversource can claim as a "cost to the ratepayer" is 22% of this in-service VNM credits. At best, this would be a total "cost shift" of 1,305,937.

(4) The correct amount of the cost-shift is $117,553 per year. This is the amount that is the "true" cost shift. It is a *de minimum* amount based on the benefits set forth below in terms of Town Savings, Jobs Creation, Real Property Taxes, and other benefits. The $117, 553 represents the lost profit to the EDCs on the 40% of the T&D which is retained by the energy project. This amount per kwh is $.02936, times the total generation of all facilities in operation (50,040,000 kwh per year) times .08 – the EDC's permitted return. The total lost profits equal $117,553 per year. (50,040,000*.02936*.08 = **117,553.95)**

For the following reasons, the cost shift argument is incomplete, and arguably, completely erroneous.

[1] Attached hereto is Exhibit B provided by CL&P dba Eversource Energy as of 12/31/2019

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1. Upgrade costs to place systems online are significant, and have averaged $200,000 per MW. This reduces Eversource's upgrade costs and is a DEDUCTION to overall operating costs for Eversource and the ratepayer. This includes line upgrade costs, and substation upgrade costs.
2. The total savings to Towns are $46,000,000. This lowers the tax burdens of the towns with beneficial accounts.
3. Average project creates $300,000 of work for electrical workers Per MW. Creates jobs, and allows for apprenticeships in skilled trades.
4. Helps State achieve its RPS
5. Electric Grid is more resilient
6. Creates real property tax revenue for towns WITHOUT impacting roads, schools, or town costs. Therefore, lowers local tax burdens of host towns.

EXHIBIT B

CL&P dba Eversource Energy
Virtual Net Metering Facilities as of December 31, 2019

Eversource Energy
Virtual Net Metering Program

Virtual Net Metering Facilities as of December 31, 2019

Municipal Sector

Accepted	Facility Type	Capacity (kW)	Annual VNM Credit Cap	Facility In-Service
1	Solar	1,000	$ 229,244	**03/30/2017**
2	Fuel Cell	750	608,295	**05/20/2016**
3	Solar	1,000	165,338	**07/19/2016**
4	Solar	1,000	219,150	**07/19/2016**
5	Solar	800	173,537	**07/29/2016**
6	Solar	1,000	216,894	**08/15/2016**
7	Solar	1,000	222,475	**03/28/2017**
8	Hydro	192	139,947	**02/27/2017**
9	Anaerobic Digester	1,100	763,019	**10/17/2017**
10	Solar	2,000	490,623	**02/02/2018**
11	Solar	2,000	490,623	**02/02/2018**
12	Solar	1,000	239,134	**12/15/2017**
13	Solar	960	286,374	**04/09/2018**
14	Solar	750	179,162	**12/19/2017**
15	Solar	984	233,530	**03/26/2018**
16	Solar	303	62,212	**05/25/2017**
17	Solar	1,248	289,540	**06/20/2018**
18	Solar	1,000	220,314	**03/26/2018**
19	Solar	1,000	220,314	**03/26/2018**
20	Solar	1,000	220,314	**03/26/2018**
21	Solar	622	121,818	
22	Solar	1,000	223,859	**02/23/2019**
23	Hydro	250	197,957	**10/31/2017**
24	Solar	1,000	230,946	
25	Solar	1,750	399,217	
26	Solar	1,000	226,102	
27	Solar	1,000	205,311	
28	Solar	1,998	471,664	**12/30/2019**
29	Solar	1,000	244,819	**12/23/2019**
30	Solar	1,000	244,710	**12/23/2019**
31	Solar	2,000	495,872	
32	Solar	1,000	262,145	
33	Solar	1,000	262,145	
34	Solar	1,000	261,654	
35	Solar	1,000	261,654	
36	Solar	1,000	261,654	
37	Solar	1,000	261,654	
38	Solar	2,000	542,393	
39	Solar	1,000	270,909	**12/30/2019**
40	Solar	1,000	83,478	
		42,707	**$ 11,200,000**	

Municipal VNM Credit Cap Availability > $ -

Waiting List

1	Solar	1,300
2	Solar	1,300
3	Solar	2,000
4	Solar	1,000
5	Solar	2,000
6	Solar	1,000
7	Solar	1,000
8	Solar	1,000
9	Solar	240
10	Solar	240
		11,080

Withdrawn

1	Solar	1,000
2	Solar	1,000
3	Solar	432
4	Solar	2,000
		4,432

CL&P dba Eversource Energy
Virtual Net Metering Facilities as of December 31, 2019

Agriculture Sector

Accepted	Facility Type	Capacity (kW)	VNM Annual Credit Cap	Facility In-Service
1	Solar	100	$ 20,363	12/30/2013
2	Solar	1,680	469,375	10/17/2017
3	Solar	56	8,943	06/15/2015
4	Solar	60	4,775	01/14/2016
5	Solar	1,000	297,637	03/28/2017
6	Solar	2,000	595,572	03/28/2017
7	Solar	1,200	337,494	08/10/2017
8	Solar	2,000	515,659	12/15/2017
9	Solar	200	30,956	06/21/2016
10	Solar	960	274,715	11/28/2018
11	Solar	266	68,589	12/29/2017
12	Solar	201	20,800	12/29/2016
13	Solar	2,000	567,577	12/15/2017
14	Solar	1,992	545,252	
15	Solar	2,000	608,964	
16	Solar	2,000	608,454	
17	Solar	12	2,522	05/24/2019
18	Solar	2,000	604,107	
19	Solar	2,000	474,912	
		21,727	**$ 6,056,666**	

Agriculture VNM Credit Cap Availability > $ -

Waiting List

1	Solar	2,000
2	Solar	3,000
		5,000

Withdrawn

1	Solar	3,000
2	Solar	100
		3,100

Agriculture Sector
(Anaerobic Digester "AD")

Accepted	Facility Type	Capacity (kW)	VNM Annual Credit Cap	Facility In-Service
1	AD	600	$ 622,195	
2	AD	450	$ 540,045	
		1050	**$ 1,162,240**	

Anaerobic Digester VNM Credit Cap Availability > **$ 1,237,760**

Withdrawn

1	AD	**450**

CL&P dba Eversource Energy
Virtual Net Metering Facilities as of December 31, 2019

State Sector

Accepted	Facility Type	Capacity (kW)	VNM Annual Credit Cap	Facility In-Service
1	Hydro	1,000	$ 930,660	
2	Solar	1,000	270,491	
3	Solar	1,000	270,491	
4	Solar	500	135,239	
5	Solar	1,000	270,491	
6	Solar	1,000	270,491	
7	Solar	1,000	249,709	
8	Solar	1,000	249,709	
9	Solar	1,000	249,709	
10	Solar	1,000	249,709	
11	Solar	1,000	249,709	
12	Solar	500	146,926	
		11,000	**$ 3,543,334**	

State VNM Credit Cap Availability > $ -

Waiting List		
1	Solar	2,000
		2,000

Withdrawn		
1	Fuel Cell	**400**

Total VNM Program

	Applications	Capacity (kW)	VNM Annual Credit Cap
Accepted	**73**	**76,484**	**$ 21,962,240**
Waiting List	13	18,080	
Withdrawn	8	7,982	
Total	94	102,546	

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