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## OLR Bill Analysis

**sSB 356 (File 142, as amended by Senate "A")\***

### ***AN ACT ESTABLISHING AN ENERGY EFFICIENCY RETROFIT GRANT PROGRAM FOR AFFORDABLE HOUSING.***

#### **SUMMARY**

This bill requires the Department of Energy and Environmental Protection (DEEP), by September 1, 2021, to establish an energy efficiency retrofit grant program using available federal or other funds. It authorizes the DEEP commissioner to receive funds from the federal government, corporations, associations, or individuals to fund the program.

Generally, the bill requires that the program award grants for installing energy efficient upgrades to affordable housing, including housing authority property or, at the DEEP commissioner's discretion, other landlord-owned dwelling units. Starting by January 1, 2023, the commissioner must annually submit a report on the program to the Energy and Technology and Housing committees.

The bill also expands eligibility for the new residential clean energy program that the electric distribution companies (EDCs, i.e., Eversource and United Illuminating) must make available to certain residential customers beginning January 1, 2022. Specifically, the bill makes residential customers living in multifamily dwellings of five or more units eligible if they meet certain requirements.

\*Senate Amendment "A" (1) transfers responsibility for establishing the grant program from the Department of Housing to DEEP; (2) makes other landlord-owned dwelling units eligible at the commissioner's discretion; (3) authorizes DEEP to consult with housing authorities in establishing the standards and to coordinate with quasi-public agencies and housing authorities in implementing the program; (4) authorizes DEEP to retain consultants; and (5)

requires the commissioner to prioritize grants to applicants that upgrade dwelling units for households that include an individual who qualifies for certain assistance programs.

It also (1) adds the provisions on the new residential clean energy program; (2) eliminates provisions from the underlying bill that imposed a new \$5 building permit application fee to fund the program and set goals for upgrades to affordable housing units from 2021 to 2025; and (3) makes technical changes, including specifying the scope of possible energy efficient upgrades.

EFFECTIVE DATE: Upon passage

## **§ 1 — ENERGY EFFICIENCY RETROFIT GRANT PROGRAM**

### ***Purpose and Standards***

The energy efficiency retrofit grant program's purpose is to award grants for installing energy efficient upgrades to (1) affordable housing, including housing authority property, or (2) at the commissioner's discretion, other landlord-owned dwelling units. Under the bill, as under existing law, housing is defined as "affordable" when people earning no more than the area median income for the municipality where the housing is located, as determined by the U.S. Department of Housing and Urban Development, spend no more than 30% of their income on it (CGS § 8-39a).

The bill requires that the upgrades include energy efficiency and weatherization measures. The upgrades may include the installation of rooftop solar photovoltaic panels, energy storage systems located on the customer's premises, electric vehicle charging infrastructure, heat pumps, balanced ventilation, and the mitigation of health and safety hazards (e.g., gas leaks, mold, vermiculite, asbestos, lead, and radon) to the extent they impede the installation of the upgrades and weatherization measures.

Under the bill, DEEP must develop program standards. When doing so, the department (1) may consult with other state agencies, quasi-

public agencies, and housing authorities and (2) must consider the energy performance standards developed by the economic and community development and energy and environmental protection commissioners for state-owned and state-financed housing projects, among other buildings.

### ***Coordination With Other Entities and Consultants***

The bill authorizes DEEP to coordinate with other state agencies, quasi-public agencies, and housing authorities to implement the grant program in conjunction with existing state programs that help residents install or obtain energy efficient upgrades. In addition, the department may retain consultants with expertise in energy efficiency retrofit programs or distributed energy programs, or both, to help develop or administer the grant program.

### ***Application Process***

Under the bill, grant applicants must apply to the DEEP commissioner on forms she prescribes. The forms must require applicants to provide the following information:

1. a description of the proposed project and its budget,
2. an explanation of the project's expected benefits from energy efficient upgrades,
3. the applicant's financial and technical capacity to undertake the project, and
4. any other information the commissioner deems necessary.

### ***Grant Prioritization***

The bill requires the commissioner to prioritize grants to applicants that (1) upgrade affordable housing or dwelling units for households that include an individual who qualifies for utility financial hardship programs or who receives means-tested assistance administered by the state or federal government and (2) use local contractors that pay the prevailing wage and who make good faith efforts to hire, or cause to be hired, available and qualified minority business enterprises (MBEs)

(see BACKGROUND).

### **Reporting**

The bill requires the DEEP commissioner, starting by January 1, 2023, to annually report to the Energy and Technology and Housing committees. The report must include (1) the grant program's standards, (2) an analysis of the scope of residences served by the program, and (3) proposed goals for the annual percentage of affordable housing units that the program can serve.

### **§ 501 — RESIDENTIAL CLEAN ENERGY TARIFFS**

Existing law requires the Public Utilities Regulatory Authority (PURA) to establish tariffs (generally, sets of rates, rules, and policies for a program) for a new residential clean energy program by July 1, 2021. By law, the electric distribution companies (EDCs, i.e., Eversource and United Illuminating) must offer certain options to residential customers under the new program beginning January 1, 2022.

Under current law, residential customers are eligible for the new tariffs if they live in a single-family dwelling or a two- to four-unit multifamily dwelling. The bill expands eligibility for the tariffs to residential customers living in multifamily dwellings of five or more units that meet one of the following requirements:

1. at least 60% of the multifamily dwelling's units are occupied by people and families with income at or below 60% of the area median income, as determined by the U.S. Department of Housing and Urban Development (HUD), or
2. PURA determines the multifamily dwelling is affordable housing.

PURA must make its determination in consultation with DEEP, HUD, the Department of Housing, the Connecticut Green Bank, and the Connecticut Housing Finance Authority.

Under existing law, the new residential clean energy program must

provide options to residential customers for EDCs to purchase products generated by Class I renewable energy sources (e.g., wind and solar) located on the customer’s premises and with a nameplate capacity of up to 25 kilowatts. Under the bill, for multifamily dwellings of five or more units, the generation project (i.e., the Class I facility) only qualifies for the new residential clean energy program under the following conditions:

1. each dwelling unit receives an appropriate share of the benefits from the generation project and
2. generation project benefits used to offset common area usage are no greater than an appropriate share.

The bill requires PURA to initiate an uncontested proceeding to implement the distribution of benefits from generation projects.

Current law limits the size of generation projects eligible for the new residential clean energy project to the load of the customer’s individual meter. The bill expands the size limit for qualified multifamily dwellings to the load of the premises.

## **BACKGROUND**

### ***MBEs***

By law, MBEs are small contractors owned by women, minorities, or people with disabilities. The owner must have managerial and technical competence and experience directly related to his or her principal business activities. A “small contractor” is a business that (1) maintains its principal place of business in Connecticut, (2) had gross revenues of \$15 million or less during its most recent fiscal year, and (3) is independent (CGS § 4a-60g(a)).

## **COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 15 Nay 0 (03/09/2021)

Appropriations Committee

Joint Favorable

Yea 31 Nay 15 (05/24/2021)