
OLR Bill Analysis

sSB 176 (File 348, as amended by Senate "A" and "B")*

AN ACT CONCERNING CLEAN ENERGY TARIFF PROGRAMS.

SUMMARY

This bill expands the Non-Residential Energy Solutions (NRES) and the Shared Cleaner Energy Facilities (SCEF) programs (see BACKGROUND).

The bill increases the yearly amount of capacity in megawatts (MW) available for (1) zero-emissions NRES projects (e.g., solar facilities) from 50 to 100 MW and (2) SCEF projects from 25 to 50 MW (§ 3). Existing law establishes a six-year schedule for these programs and current law caps the aggregate capacity of both programs at 85 MW each year. The bill correspondingly raises the aggregate cap for NRES and SCEF projects from 85 to 160 MW in years two through six. Under current law, megawatts available under the programs for each year expire annually. The bill instead requires the available megawatts to roll over to the next program year.

The bill increases the eligible project size for these programs, from two to five MW for NRES and from four to five MW for SCEF (§ 1). It also increases the potential size of NRES projects by allowing commercial and industrial customers to participate in the program using their entire rooftop space, exempting them from a provision that generally limits project size based on the customer's load (i.e., amount of the energy the customer uses) (§ 4).

For SCEF, the bill increases the proportion of the program that must benefit low-income customers (§ 2). It increases the amount of each SCEF facility's total capacity that must be sold, given, or provided to low-income customers from 10% to 20%. It also increases the amount that must go to low- or moderate-income customers or low-income service organizations (i.e., organizations assisting low-income people)

from 10% to 60%. Currently, these requirements are separate, but under the bill, the low-income requirement may be used to meet the larger low-income, moderate-income, and service organization requirement. The bill also (1) defines “low-income” based on state median income, rather than area median income and (2) broadens the definition of “moderate-income.”

Lastly, the bill requires the Office of Policy and Management (OPM) to study how property taxes apply to commercial solar projects sized at 50 kilowatts or more and report to the Energy and Technology and Planning and Development committees by January 1, 2023.

*Senate Amendment “A” broadens the definition of “moderate-income customer” to include customers between 60% and 100% of area median income.

*Senate Amendment “B” adds the requirement that OPM study property taxes on commercial solar projects.

EFFECTIVE DATE: October 1, 2022, except the study provision is effective upon passage.

LOW- AND MODERATE-INCOME CUSTOMERS FOR SCEP REQUIREMENTS

Under current law, “low-income” customers have incomes up to 80% of the area median income as defined by the U.S. Department of Housing and Urban Development. The bill instead defines “low-income” as up to 60% of the state median income. By law, affordable housing facilities are also low-income customers. The bill correspondingly removes reference to an existing statutory definition that is based on area median income.

Under current law, moderate-income customers are those with incomes between 80% and 100% of area median income. The bill broadens this definition to include customers between 60% and 100% of area median income.

PROPERTY TAX STUDY

The bill requires OPM to study how property taxes apply to commercial solar generation projects with a nameplate capacity rating of at least 50 kilowatts. To conduct the study, OPM must consult with the Connecticut Conference of Municipalities, the Connecticut Council of Small Towns, and industry representatives. The bill requires OPM to report on the study to the Energy and Technology and Planning and Development committees by January 1, 2023. The report must:

1. summarize the current statutory framework for personal and real estate property taxes on these projects and
2. recommend changes that would remove inconsistencies in these statutes and allow for equitable property tax treatment of commercial solar generation projects across the state.

BACKGROUND

NRES Program

The NRES program allows non-residential customers (e.g., commercial and industrial customers) to participate in an annual solicitation conducted by Eversource and United Illuminating in which selected projects enter into a 20-year contract with the companies for energy and related products (e.g., renewable energy credits (RECs)). To be eligible, a project must be a Class I renewable energy source that (1) uses anaerobic digestion or has low emissions (e.g., fuel cells) or (2) has zero emissions (e.g., solar facilities) (CGS § 16-244z(a)(2)(A) & (B)). The law has a six-year schedule for the program, which is currently in its first year (i.e., 2022 is Year 1).

SCEF Program

Generally, a shared clean energy facility allows customers to subscribe for energy or RECs from a facility that is not on the customer's premises. Under the SCEF program, eligible facilities are Class I renewable energy sources (e.g., wind or solar) served by Eversource or United Illuminating with at least two subscribers in the same utility service territory as the facility (CGS § 16-244z(a)(2)(C)). Eversource and United Illuminating conduct an annual solicitation using a competitive bidding procurement process and enter into 20-year contracts with

selected projects. The law establishes a six-year schedule for the program, which is currently in its third year (i.e., 2020 was Year 1).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 26 Nay 0 (03/22/2022)