

Energy and Technology Committee JOINT FAVORABLE REPORT

Bill No.: HB-5634

Title: AN ACT INCREASING FUNDING FOR ENERGY EFFICIENCY PROGRAMS.

Vote Date: 3/14/2023

Vote Action: Joint Favorable Substitute Change of Reference to Appropriations

PH Date: 3/2/2023

File No.:

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SPONSORS OF BILL:

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REASONS FOR BILL:

This Bill's primary function is to provide an additional \$20 million in funding for the state's energy efficiency programs, Home Energy Solutions (HES) and Home Energy Solutions-Income Eligible (HES-IE), to The Connecticut Green Bank, which will assist in responding to the increased demand for these programs. Energy efficiency services are cost-effective, reduce greenhouse gas emissions, lower utility costs for residents, and provide resiliency to weather events. In addition, this Bill assists in the state's efforts to address environmental justice as the HES-IE program provides energy assistance services to low-income communities. It will also support the state's statutory goal to achieve at least 80% weatherization of residences by 2030.

The substitute language will appropriate the additional \$20 million in funding for the state's energy efficiency programs created in the Conservation and Load Management Plan (C&LM Plan) to the Department of Energy and Environmental Protection (DEEP) instead of The Connecticut Green Bank. DEEP's Commissioner can transfer these funds to gas and electric distribution companies for use in the state's energy efficiency programs. Additionally, the Commissioner of DEEP, with the Energy Conservation Management Board, will direct the

gas and electric distribution companies to expand the energy efficiency programs from the C&LM Plan. DEEP and the Energy Conservation Management Board have overseen Connecticut's energy efficiency programs for years. Adding The Connecticut Green Bank into this process would unnecessarily increase complexity and administrative operations, with no benefit to the procedure.

RESPONSE FROM ADMINISTRATION/AGENCY:

Claire Coleman, Consumer Counsel, CT Office of Consumer Counsel (OCC) — Supports the Bill, noting that energy efficiency is “one of the easiest and most cost-effective way” (Claire Coleman; OCC Testimony; March 2, 2023) to reduce energy costs for ratepayers in Connecticut. The OCC adds that supporting energy efficiency programs with additional funding for energy efficiency improvements to a building has produced positive effects for municipalities, businesses, and residents. In all, energy efficiency programs reduce overall energy usage, lower demand on power plants and the grid, lower the costs to supply and deliver energy, and, in turn, lower heat and electricity bills: system-wide cost reductions pass on to all customers at lower rates.

The OCC does include a recommendation to modify Sec. 2 of the Bill as written. The current proposal intends to cover budgetary shortfalls in the popular Home Energy Solutions (HES) and Home Energy Solutions- Income Eligible (HES-IE) programs, which are expected to face a \$26 million shortage in 2023. As a result, fewer residential customers can access cost-effective energy efficiency services when energy prices themselves are high and present a financial burden to many of Connecticut's ratepayers. OCC supports the Bill's intent to ensure that residential energy efficiency programs can meet customer demand for the rest of the year despite budgetary constraints, especially for low- and middle-income households that use the programs well. OCC thus recommends that the language of Sec. 2 be modified to allocate the supplemental funds directly to the Conservation and Load Management Plan, removing the Connecticut Green Bank reference.

James Desantos, Legislative Liaison and Associate Director of Regulatory Policy, CT Green Bank — Supports the Bill, noting that energy efficiency programs are part of an essential bipartisan effort to reduce greenhouse gas emissions while building the green economy of the state. However, Green Bank does recommend that the language of the bill be modified such “that the funds should be allocated to the C&LM programs established in section 16-245m of the Connecticut General Statutes and should be overseen by DEEP and the Energy Conservation Management Board consistent with that section” (James Desantos; Green Bank Testimony; March 2, 2023).

NATURE AND SOURCES OF SUPPORT:

Pippa Bell Ader, Westport, CT — Strongly supports the Bill on account of the importance of energy efficiency programs; however, the following recommendations are proposed to address the high demand for energy efficiency under the constraints of a limited budget and the recent increase in utility costs:

- 1) Remove reference to the CT Green Bank and allocate supplemental funding directly to the Conservation & Load Management Plan.

- 2) Increase the amount of money in the allocation. The current budget is \$26M short of what was expected for the Home Energy Solutions programs.
- 3) Direct the funding to the HES and HES-IE programs where the current budget shortfall is having a pronounced impact on residents. Programs like the HES-Income Eligible program help low- and moderate-income households
- 4) Pass this bill quickly to avoid losing members of the building efficiency workforce. Energy efficiency vendor budgets are scheduled to be cut on April 1st.

Stephen Bruno, Director of Business Operations, Support, and Energy Efficiency; Eversource Energy & Hammad Chaudrey, Director of Conservation and Load Management, UIL Holding Corporation — Strongly support the Bill as an endeavor to advance energy efficiency goals in the state. Eversource Energy & UIL Holdings Corp. add, on account of CT General Statutes 16-245m(d), the funds should be allocated to the state's electric and natural gas companies as the administrators of the C&LM plan and funds, not the Green Bank. Therefore, they recommend apportioning the \$20M to the state's electric and natural gas companies rather than to the programs under the C&LMP.

Teresa Eickel, Interreligious Environmental Justice Network (IREJN) — Strongly urges the swift passing of the Bill to avoid a loss of the state's energy efficiency workforce. The savings accrued over time through energy efficiency programs will benefit the state's ratepayers, especially given the recent increases in the cost of utilities.

Dwayne Escola, Ridgefield, CT — Supports the Bill since energy efficiency programs are a cost-effective means of helping Connecticut meet its carbon emissions reduction goals and satisfy its long-term energy demands. The resident also recommends that all homes install electric heat pumps and solar photovoltaic (solar PV) panels as soon as possible. They also recommend directly allocating the funds to HES and HES-IE and increasing the total funding of the programs to at least \$26M.

Kenny Foscue, North Haven, CT — Supports the Bill since energy efficiency programs are a cost-effective means of helping Connecticut meet its carbon emissions reduction and long-term energy demand. The resident recommends directly allocating the funds to HES and HES-IE to address the budget shortfall. They also recommend increasing the total funding of the programs to at least \$26M, noting that the funds should go directly to C&LM, not the Green Bank.

Jeffrey Gross, Connecticut Sierra Club — Supports the Bill because the proposed funding will support the HES program, noting that energy efficiency programs are one of the most effective ways to democratize the deployment of energy efficiency. Funding, therefore, should go directly to the HES program.

Riena Harker, Policy Fellow, Yale Center on Climate Change and Health — Supports the Bill because increasing energy efficiency funding would result in air quality improvements, decreased energy insecurity, and climate change resilience. Raising energy efficiency funds will improve the community by bringing system-wide benefits to ratepayers.

Anne Hulick, CT Director, Clean Water Action — Supports the Bill on the general principle that energy efficiency services are the most cost-effective means of reducing emissions from buildings in the state. Clean Water Action adds that Connecticut is still far from meeting its

statutory goal of achieving 80% weatherization of residences by 2030. The organization supports increasing funding for the state's Home Energy Solutions and Home Energy Solutions for the Income Eligible programs, given their high demand, primarily to support the residents in environmental justice communities that may rely on them. Clean Water Action urges swift passage of the legislation to avoid losing members of the energy efficiency workforce and hopes that the Bill will provide transparency and accountability for the programs and their funding.

Diane Keefe — Supports the Bill but notes that \$20M is insufficient for the high demand for energy efficiency programs statewide.

Ted Loewenthal, West Hartford, CT — Supports the Bill since energy efficiency programs are a cost-effective means of helping Connecticut meet its carbon emissions reduction goals and satisfy its long-term energy demands.

Cary Lynch, Climate and Energy Policy Manager, The Nature Conservancy — Strongly supports the Bill's effort to develop and promote energy efficiency programs for the state's residents and businesses. The Nature Conservancy recommends increasing the funding for the energy efficiency programs from the current proposed \$20M, noting that there is a \$26M budget shortfall for these programs. The Nature Conservancy adds that the funding should be allocated directly to the C&LMP, not the Green Bank.

Shirley McCarthy, Professor, Yale University and Member, Branford Clean Energy Committee — Supports the Bill, noting that there is currently a \$26M budget shortfall for Home Energy Solutions. They also recommend that the energy programs be fully funded since they are a cost-effective means of helping Connecticut reduce its carbon emissions and satisfy its long-term energy demand, which will also directly support the state's ratepayers in the wake of increasing utility costs.

Bernard Pellettier, Vice President, People's Action for Clean Energy (PACE) — Supports the Bill since energy efficiency programs are a cost-effective means of helping Connecticut meet its carbon emissions reduction goals and satisfy its long-term energy demands. Failure to pass the Bill may damage the state's existing energy efficiency workforce, delay building efficiency improvements throughout the state, and potentially delay the access to the Inflation Reduction Act (IRA) funds as they become available due to the loss or furloughing of contractors and workers. PACE also recommends that the funds be provided to Energize CT, not the Green Bank, to support the Conservation and Load management HES and HES IE programs. DEEP would oversee the use of those funds in such programs. PACE also recommends increasing the current allocation of \$20M to \$26M.

Deborah Roe, Granby, CT — Supports the Bill, noting that Energize CT programs should be fully funded and that the \$165M previously taken out of the fund in 2018 should be replenished. In addition, since ratepayers contributed to the fund, energy efficiency programs should remain available to them.

Charles Rothenberger, Climate and Energy Attorney, Save the Sound — Supports the Bill's intent but recommends that the Bill be modified to meet the goal of providing needed additional funding to support the state's energy efficiency program. Save the Sound adds that at least \$26M should be allocated to the Conservation & Load Management program and the

Energy Efficiency Board, not the Green Bank, to compensate for the budget shortfall in the HES and HES-IE programs.

Tom Swan, Executive Director, CT Citizen Action Group (CCAG) — Strongly supports the bill, recommending that the additional funds should go directly to the C&LM fund and not Green Bank.

Michael Uhl, Business Owner — Supports

NATURE AND SOURCES OF OPPOSITION:

Boyd, Amy, Vice President of Clean Energy and Climate Policy, Acadia Center — Opposes the bill as written because the overall funding for the programs should be increased to address the \$26M budget shortfall, the Home Energy Solutions and Income Eligible programs should be directly funded in addition to the C&LM. The Acadia Center also advises that these changes should occur so that the bill is passed as soon as possible to provide relief for ratepayers and avoid potential loss of jobs.

Reported by: Robert Downes & David deHaas

Date: 3/16/23