

Energy and Technology Committee JOINT FAVORABLE REPORT

Bill No.: HB-6764
AN ACT CONCERNING SOLAR INCENTIVES AND SHARED CLEAN ENERGY
Title: FACILITIES.
Vote Date: 3/14/2023
Vote Action: Joint Favorable Substitute
PH Date: 3/2/2023
File No.:

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SPONSORS OF BILL:

REASONS FOR THE BILL:

This bill will make changes to the state's three clean energy programs – Residential Renewable Energy Solutions (RRES), Non-Residential Renewable Energy Solutions (NRES), and Shared Clean Energy Facilities (SCEF) – to encourage and support the cost-effective development of solar energy in the state such that it is more accessible to residents of all income levels. In addition, the bill will benefit the development of energy infrastructure needed to satisfy increasing demands as well as encourage the transition to renewable energy sources. Further developing the state's clean energy resources, including solar facilities and projects, will help it meet its carbon-free electric grid goal by 2040.

The substitute language would strike the entirety of section 1. Section 1 would mandate the Public Utilities Regulatory Authority (PURA) to study transmission upgrades of installing residential photovoltaic systems. PURA currently has two existing studies on this topic, so another investigation is not necessary until PURA presents its findings from the two studies.

RESPONSE FROM ADMINISTRATION/AGENCY:

Claire Coleman, Consumer Counsel, CT Office of Consumer Counsel (OCC) – Supports the bill with modifications. OCC suggests removing Sec. 1, which would mandate PURA to study transmission upgrade costs for residential solar installations; PURA has two current open investigations of the interconnection of solar photovoltaic systems, so another should not be conducted until PURA reports its findings on these two studies. Second, OCC recommends removing the proposal in Sec. 3 to double the Non-Residential Renewable Energy Solutions (NRES) program and allow unused megawatts (MWs) to be reallocated to the NRES and Shared Clean Energy Facilities (SCEF) programs. The megawatt caps for these programs were doubled last year, so OCC recommends evaluating those changes before implementing

new ones. OCC also has concerns over Sec. 4 as it strongly supports ensuring that Connecticut can access federal subsidies for qualified low-income economic benefit projects but express concern over the language to tie state program eligibility to federal definitions as they frequently change and could unintentionally disqualify residents from state programs. Finally, OCC supports Sec. 5 to determine more locations in the state that could support new solar construction.

Marissa Gillett, Chairman, CT Public Utilities Regulatory Authority (PURA) – Supports the bill but offers multiple modifications. PURA notes that they are already investigating the subject matter of interconnection costs of residential solar photovoltaic systems, as proposed in Sec. 1. They also note that they support the intention of Sec. 4 to allow shared clean energy facilities (SCEFs) to be eligible for federal subsidies for “qualified low-income economic benefit projects,” but have concerns over the language that would tie eligibility for state programs to federal criteria, which frequently change, and could thus make some SCEFs ineligible for federal subsidies (Marissa Gillett; PURA Testimony; March 2, 2023). PURA also writes that the bill would double the MW cap on the NRES program and allow for the reallocation of MW to other programs. Since the NRES and SCEF programs' MW cap doubled last year, PURA recommends changing this section to allow for two years of data following the increases made in the previous year before implementing any additional changes.

NATURE AND SOURCE OF SUPPORT:

Luke Bronin, Mayor, City of Hartford – Supports the bill because the transition to intermittent renewable energy sources, like solar energy, benefits Hartford's regional economy and the world environment. The state's Virtual Net Metering (VNM) program and its Non-Residential Solar Renewable Energy Solutions (NRES) programs support municipal renewable energy projects. This bill would expand the megawatt cap to its current level of demand, increasing participation, and suggests that the cap could be increased even further or repealed entirely. Such steps would be beneficial toward the development of Connecticut's renewable energy industry.

William Herchel, Co-Founder & CEO, Verogy Solar – Supports the bill with modification such that the proposed delivery of tax payments resulting from exemptions of real and/or property taxes for on-site usage of solar for residential or commercial use is delivered to the host municipality instead of the state. Verogy Solar and he support changes made through section 4 of the bill, though they suggest a few modifications:

- Remove the requirement that NRES projects be located on a “customer's own premises” for state, agricultural and municipal projects.
- “Remove the size-to-load restriction for any NRES project” (William Herchel; Verogy Solar Testimony; March 2, 2023).
- Eliminate or increase to 125% of the maximum price from the previous auction for NRES and SCEF reverse auctions and allow unused MWs from the SCEF program into the next auction.

Jeff Hintzke, Vice President of Policy, Greenskies Clean Energy – Supports the bill with modifications such that the total “Uniform Solar Tax” tax goes directly to the host municipality, not the Commissioner of Revenue Services. Additionally, they strongly support the changes in section 4 to benefit the SCEF program and low- and moderate-income customers. Still, they mention that ‘low-income’ must be redefined to meet the requirements for a federal tax credit and fully qualify the projects.

Cary Lynch, Climate & Energy Policy Manager, The Nature Conservancy – Supports the bill because of its potential to increase solar energy deployment while maximizing the benefits to Connecticut residents and businesses. The bill advances progress that leads to a clean energy grid that meets zero-carbon targets. Nevertheless, concern is expressed over the sections of the bill regarding uniform taxes, noting that the bill language may not take advantage of all available federal incentives and will “retroactively tax existing solar projects” (Cary Lynch; The Nature Conservancy Testimony; March 2, 2023). She suggests removing section 1 since PURA is already studying this area, which would be a redundant cost for ratepayers. Lastly, she supports the proposed study to determine state-owned property or land suitable for solar developments and agrees with the proposed changes to the SCEF program.

Jeff Macel, Managing Partner, Lodestar Energy – Supports the bill with modifications. They suggest that the uniform capacity tax to the host municipality rather than the state, adjust the NRES program to offer a separate carport incentive to encourage development, mandate PURA revisit NRES and SCEF price caps annually, and align NRES and SCEF programs’ definitions of brownfield and environmental justice with those in the Inflation Reduction Act. He further recommends beginning planning for a successor to the SCEF program.

Thomas Melone, President, Allco Renewable Energy Limited – Generally supports the bill but suggests a fixed tax on solar development. He offers a fixed per kilowatt tax to be paid to the municipality where the solar facility is located, to avoid retroactively taxing previously exempt facilities, and refrain from double taxation regarding the property tax payable to a municipality. It is also suggested to “consider one final authorization of additional capacity under the legacy VNM program...for projects that were in the legacy VNM waiting queue when NRES took effect” (Thomas Melone; Renewable Energy Ltd. Testimony; March 2, 2023).

Mark Scully, President, People’s Action for Clean Energy (PACE) – Strongly supports the bill because it represents a serious attempt to remove some of the accumulated constraints that continue to hold back the solar industry in Connecticut. Its passage will improve the ability of solar to address climate change, improve resiliency, and create local jobs. PACE also strongly supports further incentives for implementing more residential and non-residential solar canopies for economic and ecological benefit.

Michael Trahan, Executive Director, CT Solar & Storage Association (CSSA) – Supports the bill with modifications. CSSA proposes removing section 1 as PURA is already investigating the issue presented in the study and implementing a uniform capacity tax. In addition, CSSA gives support to allowing unused MWs to be reallocated to other programs and the further exploring sites for solar power generation. They recommend planning for a successor to the SCEF program and further incentivizing the development of solar canopies. Finally, CSSA

believes incorporating H.B.5364 and H.B.5633 into the bill would increase access to solar by Connecticut households.

Christie Prescott, Director of Wholesale Power Contracts, United Illuminating (UI) – Supports the bill with modifications. First, section 1 of the bill is already being studied by PURA and is thus unnecessary. Second, UI recommends changing the definition of a low-income customer for SCEF to an upper limit of 60% of State Median Income and aligning the definitions of low- and moderate-income customers with each other and other electric distribution companies' (EDC) eligibility requirements for income-based programs. Third, reallocating unused MWs to other programs is unnecessary as this was put in place last year, and it is inefficient to do so the following year. Lastly, UI recommends removing the language in section 6 that would review the "suitability of overhead transmission facilities for solar" (Christie Prescott; United Illuminating (UI) Testimony; March 2, 2023).

Brian Rice, Director of Customer Solar Programs, Eversource Energy – Supports with modifications. Section 1 is unnecessary as PURA is already studying the content of the proposed study. Moderate-income customers should be defined as an income between sixty and one hundred percent of the area median income. PURA should define low- and moderate-income customers eligible for the SCEF program to align with EDCs' eligibility requirements for income-based programs.

NATURE AND SOURCE OF OPPOSITION:

James Desantos, Legislative Liaison & Associate Director of Regulatory Policy, Green Bank – Opposes the bill because of the tax exemptions in section 3. As managers of the Solar State Assistance Program (SAP), Green Bank notes that "to implement a new tax on existing solar projects would be harmful to the owner of the project who must bear this unanticipated cost, potentially causing projects to sink into the red and detract from anticipated and budgeted savings" (James Desantos; CT Greenbank Testimony; March 2, 2023). In addition, he recommends that previously exempted projects not be retroactively included, which would also negatively impact the Green Bank. Finally, he notes that Green Bank already performs the work outlined in section 5 through its Solar State Assistance Program (SAP).

Jay Goodman, Counsel, CT Industrial Energy Consumers (CIEC) – Opposes the bill and suggests modification. Energy prices are a significant factor in where a business locates, and the high energy prices in Connecticut could drive businesses away from the state, negatively impacting local economies, jobs, and utility costs for customers in Connecticut. CIEC suggests adding language to the bill to develop an economic development rate for new and existing customers to allow large, energy-intensive businesses to remain in the state.

Charles Rothenberger, Climate & Energy Attorney, Save the Sound – Opposes the bill and requests explicitly that lines 500-520 be removed. Capacity caps were increased in program last year, and were permitted to roll over program capacity each year. Save the Sound recommends allowing at least one entire cycle of the programs to pass to determine their effectiveness before making any additional changes. There are also concerns over reallocating from the SCEF program, which focuses on low-income customers.

- Jason Bowsza, First Selectman, Town of East Windsor, CT

- Randy Collins, Advocacy Manager, CT Conference of Municipalities (CCM)
- Betsy Gara, Executive Director, CT Council of Small Towns (COST)
- Brian Lastra, Legislative Co-Chair, Connecticut Association of Assessing Officers (CAAO)
 - All also oppose H.B. 6764:

Oppose sections 2 and 3 of the bill because the proposed new property tax exemptions would adversely affect municipalities that rely on these taxes for most of their revenue. Concerns are expressed over the “solar uniform capacity tax account” as the taxes raised from the proposed tax on commercial solar facilities would not be paid directly to municipalities. They suggest recommendations for increased regional collaboration that diversify local revenue.

Reported by: Will Simpson & Robert Downes

Date: March 14, 2023