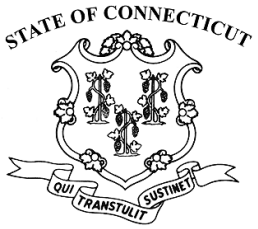

House Bill No. 5232

Public Act No. 24-31

AN ACT CONCERNING SOLAR PROJECTS THROUGHOUT THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (*Effective from passage*) The Commissioner of Energy and Environmental Protection, in consultation with the Office of Policy and Management, shall conduct a study concerning the feasibility and potential cost-related impacts of establishing a uniform capacity tax for solar photovoltaic systems installed in the state. Such study shall include, but not be limited to: (1) An examination of the current statutory framework for the application of personal and real property taxes on solar photovoltaic systems; (2) an examination of the history of municipal taxation of solar photovoltaic systems; (3) an examination of the costs of projects to install solar photovoltaic systems, and the potential impact of a uniform capacity tax on such projects, taking into account other cost factors for such projects; (4) an analysis of what tax amount per megawatt of electric generation capacity, if any, would fairly compensate municipalities without making such projects unviable; and (5) any recommended legislative changes. Not later than January 1, 2025, the commissioner, in accordance with the provisions of section 11-4a of the general statutes, shall submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology on the results of such study

and any recommendations concerning the establishment of a uniform capacity tax.

Sec. 2. (*Effective from passage*) The chairperson of the Public Utilities Regulatory Authority shall conduct a study regarding the renewable energy tariff programs established pursuant to section 16-244z of the general statutes, as amended by this act. Such study shall include, but not be limited to, an examination of (1) whether to extend such programs beyond the procurement years authorized in said section; (2) potential processes that can be adopted to avoid stranded projects; and (3) potential successor programs. An examination conducted pursuant to subdivisions (2) and (3) of this section shall include, but not be limited to: (A) An examination of potential programs that do not incorporate any megawatt cap; (B) consideration of different possible criteria and procedures for choosing projects, such as choosing projects by lottery or on a first-come, first-served basis; and (C) an identification of alternative bidding frameworks, such as awarding solicitations based on what projects can be deployed soonest. Not later than January 15, 2026, the chairperson shall submit, in accordance with the provisions of section 11-4a of the general statutes, the results of such study, including any recommendations, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology.

Sec. 3. (NEW) (*Effective July 1, 2024*) (a) As used in this section, "solar canopy" means an outdoor, shade-providing structure that hosts solar photovoltaic panels located above a parking or driving area, pedestrian walkway, courtyard, canal or other utilized surface that is installed in a manner that maintains the function of the area beneath the structure. "Solar canopy" includes any carport.

(b) Notwithstanding any provision of any municipal charter or ordinance, the planning commission, zoning commission or combined planning and zoning commission of each municipality shall amend any

regulations adopted pursuant to subsection (a) of section 8-2 of the general statutes to establish a simplified approval process for any application to build a solar canopy in such municipality.

(c) Notwithstanding any provision of any municipal charter or ordinance, the planning commission, zoning commission or combined planning and zoning commission of each municipality shall approve or deny any land use application to build a solar canopy in such municipality not later than six months after the filing date of such application.

Sec. 4. Subsection (b) of section 16a-40g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2024*):

(b) (1) The bank shall establish a commercial sustainable energy program in the state, and in furtherance thereof, is authorized to make appropriations for and issue bonds, notes or other obligations for the purpose of financing, (A) energy improvements; (B) related energy audits; (C) renewable energy system feasibility studies; and (D) verification reports of the installation and effectiveness of such improvements. The bonds, notes or other obligations shall be issued in accordance with legislation authorizing the bank to issue bonds, notes or other obligations generally. Such bonds, notes or other obligations may be secured as to both principal and interest by a pledge of revenues to be derived from the commercial sustainable energy program, including revenues from benefit assessments on qualifying commercial real property, as authorized in this section.

(2) When the bank has made appropriations for energy improvements for qualifying commercial real property or other costs of the commercial sustainable energy program, including interest costs and other costs related to the issuance of bonds, notes or other obligations to finance the appropriation, the bank may require the

participating municipality in which the qualifying commercial real property is located to levy a benefit assessment against the qualifying commercial real property especially benefited thereby.

(3) The bank (A) shall develop program guidelines governing the terms and conditions under which state and third-party capital provider financing may be made available to the commercial sustainable energy program, including, in consultation with representatives from the banking industry, municipalities and property owners, developing the parameters for consent by existing mortgage holders and may serve as an aggregating entity for the purpose of securing state or private third-party capital provider financing for energy improvements pursuant to this section, (B) shall establish the position of commercial sustainable energy program liaison within the bank, (C) may establish a loan loss reserve or other credit enhancement program for qualifying commercial real property, (D) may use the services of one or more private, public or quasi-public third-party administrators to administer, provide support or obtain financing for the commercial sustainable energy program, (E) shall adopt standards to determine whether the combined projected energy cost savings and other associated savings of the energy improvements over the useful life of such improvements exceed the costs of such improvements, except that such standards shall not apply to the installation of refueling infrastructure for zero-emission vehicles, **[**or**]** resilience improvements adopted under this section or expansions or upgrades to an existing renewable energy system, and (F) may encourage third-party capital providers to provide financing, leases and power purchase agreements directly to benefited property owners in lieu of or in addition to the bank providing such loans.

(4) The bank shall consult with the Department of Energy and Environmental Protection and the Connecticut Institute for Resilience and Climate Adaptation to develop program eligibility criteria for financing of resilience improvements, consistent with state

environmental resource protection and community resilience goals.

Sec. 5. (*Effective from passage*) Not later than one year after the effective date of this section, as part of the Integrated Resources Plan approved by the Commissioner of Energy and Environmental Protection, the commissioner, in consultation with the Commissioners of Agriculture and Economic and Community Development, shall submit, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology, information regarding the potential siting of solar projects in the state. The Commissioner of Energy and Environmental Protection shall submit such information in a format that can be overlayed onto existing grid interconnection maps maintained by the electric distribution companies, as defined in section 16-1 of the general statutes.

Sec. 6. Section 16-244z of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) (1) (A) On or before September 1, 2018, the Public Utilities Regulatory Authority shall initiate a proceeding to establish a procurement plan for each electric distribution company pursuant to this subsection and may give a preference to technologies manufactured, researched or developed in the state, provided such procurement plan is consistent with and contributes to the requirements to reduce greenhouse gas emissions in accordance with section 22a-200a. Each electric distribution company shall develop such procurement plan in consultation with the Department of Energy and Environmental Protection and shall submit such procurement plan to the authority not later than sixty days after the authority initiates the proceeding pursuant to this subdivision, provided the department shall submit the program requirements pursuant to subparagraph (C) of this subdivision on or before July 1, 2019. The authority may require such

electric distribution companies to conduct separate solicitations pursuant to subdivision (4) of this subsection for the resources in subparagraphs (A), (B) and (C) of said subdivision, including separate solicitations based upon the size of such resources to allow for a diversity of selected projects.

(B) On or before September 1, 2018, the authority shall initiate a proceeding to establish tariffs that provide for twenty-year terms of service described in subdivision (3) of this subsection for each electric distribution company pursuant to subparagraphs (A) and (B) of subdivision (2) of this subsection. In such proceeding, the authority shall establish the period of time that will be used for calculating the net amount of energy produced by a facility and not consumed, provided the authority shall assess whether to incorporate time-of-use rates or other dynamic pricing and such period of time shall be either (i) in real time, (ii) in one day, (iii) in any fraction of a day not to exceed one day, or (iv) in any period of time greater than one day up to and including one month. In such proceeding, the authority shall consider the findings of the study of the value of distributed energy resources conducted pursuant to section 16a-3o. The rate for such tariffs shall be established by the solicitation pursuant to subdivision (2) of this subsection.

(C) On or before September 1, 2018, the Department of Energy and Environmental Protection shall (i) initiate a proceeding to develop program requirements and tariff proposals for shared clean energy facilities eligible pursuant to subparagraph (C) of subdivision (2) of this subsection, including, but not limited to, the requirements in subdivision (6) of this subsection, and (ii) establish either or both of the following tariff proposals: (I) A tariff proposal that includes a price cap on a cents-per-kilowatt-hour basis for any procurement for such resources based on the procurement results of any other procurement issued pursuant to this subsection, and (II) a tariff proposal that includes a tariff rate for customers eligible under subparagraph (C) of

subdivision (2) of this subsection based on energy policy goals identified by the department in the Comprehensive Energy Strategy pursuant to section 16a-3d. On or before July 1, 2019, the department shall submit any such program requirements and tariff proposals to the authority for review and approval. On or before January 1, 2020, the authority shall approve or modify such program requirements and tariff proposals submitted by the department. If the authority approves two tariff proposals pursuant to this subparagraph, the authority shall determine how much of the total compensation authorized for customers eligible under this subparagraph pursuant to subparagraph (A) of subdivision (1) of subsection (c) of this section shall be available under each tariff.

(2) Not less than once per year, each electric distribution company shall jointly or individually solicit and file with the Public Utilities Regulatory Authority for its approval one or more projects selected resulting from any procurement issued pursuant to subdivision (1) of this subsection that are consistent with the tariffs approved by the authority pursuant to subparagraphs (B) and (C) of subdivision (1) of this subsection and that are applicable to (A) customers that own or develop new generation projects on a customer's own premises that are less than five megawatts in size, serve the distribution system of an electric distribution company, are constructed after the solicitation conducted pursuant to subdivision (4) of this subsection to which the customer is responding, and use a Class I renewable energy source that either (i) uses anaerobic digestion, or (ii) has emissions of no more than 0.07 pounds per megawatt-hour of nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide, 0.02 pounds per megawatt-hour of volatile organic compounds and one grain per one hundred standard cubic feet, (B) customers that own or develop new generation projects on a customer's own premises that are less than five megawatts in size, serve the distribution system of an electric distribution company, are constructed after the solicitation conducted pursuant to subdivision (4) of this subsection to which the customer is responding, and use a Class

I renewable energy source that emits no pollutants, and (C) customers that own or develop new generation projects that are a shared clean energy facility, consistent with the program requirements developed pursuant to subparagraph (C) of subdivision (1) of this subsection. For purposes of this section, "shared clean energy facility" means a Class I renewable energy source, as defined in section 16-1, that (i) is served by an electric distribution company, as defined in section 16-1, (ii) has a nameplate capacity rating of five megawatts or less, and (iii) has at least two subscribers. Any project that is eligible pursuant to subparagraph (C) of this subdivision shall not be eligible pursuant to subparagraph (A) or (B) of this subdivision.

(3) A customer that is eligible pursuant to subparagraph (A) or (B) of subdivision (2) of this subsection may elect in any such solicitation to utilize either (A) a tariff for the purchase of all energy and renewable energy certificates on a cents-per-kilowatt-hour basis, or (B) a tariff for the purchase of any energy produced by a facility and not consumed in the period of time established by the authority pursuant to subparagraph (B) of subdivision (1) of this subsection and all renewable energy certificates generated by such facility on a cents-per-kilowatt-hour basis, subject to any tariff terms, conditions or other stipulations of the authority, including, but not limited to, stipulations regarding the capacity rights of a given facility.

(4) Each electric distribution company shall jointly or individually conduct an annual solicitation or solicitations, as determined by the authority, for the purchase of energy and renewable energy certificates produced by eligible generation projects under this subsection over the duration of each applicable tariff. Generation projects eligible pursuant to subparagraphs (A) and (B) of subdivision (2) of this subsection shall be sized so as not to exceed the load at the customer's individual electric meter or a set of electric meters, when such meters are combined for billing purposes, as determined by the authority, unless such customer

is a state, municipal or agricultural customer, then such generation project shall be sized so as not to exceed the load at such customer's individual electric meter or a set of electric meters at the same customer premises, when such meters are combined for billing purposes, and the load of up to five state, municipal or agricultural beneficial accounts, as defined in section 16-244u, identified by such state, municipal or agricultural customer, and such state, municipal or agricultural customer may include the load of up to five additional nonstate or municipal beneficial accounts, as defined in section 16-244u, when sizing such generation project, provided such accounts are critical facilities, as defined in subdivision (2) of subsection (a) of section 16-243y, and are connected to a microgrid.

(5) The maximum selected purchase price of energy and renewable energy certificates on a cents-per-kilowatt-hour basis in any given solicitation shall not exceed such maximum selected purchase price for the same resources in the prior year's solicitation, unless the authority makes a determination that there are changed circumstances in any given year. For the first year solicitation issued pursuant to this subsection, the authority shall establish a cap for the selected purchase price for energy and renewable energy certificates on a cents-per-kilowatt-hour basis for any resources authorized under this subsection.

(6) The program requirements for shared clean energy facilities developed pursuant to subparagraph (C) of subdivision (1) of this subsection shall include, but not be limited to, the following:

(A) The department shall allow cost-effective projects of various nameplate capacities that may allow for the construction of multiple projects in the service area of each electric distribution company that operates within the state.

(B) The department shall determine the billing credit for any subscriber of a shared clean energy facility that may be issued through

the electric distribution companies' monthly billing systems, and establish consumer protections for subscribers and potential subscribers of such a facility, including, but not limited to, disclosures to be made when selling or reselling a subscription.

(C) Such program shall utilize one or more tariff mechanisms with the electric distribution companies for a term not to exceed twenty years, subject to approval by the Public Utilities Regulatory Authority, to pay for the purchase of any energy products and renewable energy certificates produced by any eligible shared clean energy facility, or to deliver any billing credit of any such facility.

(D) The department shall limit subscribers to (i) low-income customers, (ii) moderate-income customers, (iii) small business customers, (iv) state or municipal customers, (v) commercial customers, and (vi) residential customers who can demonstrate, pursuant to criteria determined by the department in the program requirements recommended by the department and approved by the authority, that they are unable to utilize the tariffs offered pursuant to subsection (b) of this section.

(E) The department shall require that (i) not less than twenty per cent of the total capacity of each shared clean energy facility is sold, given or provided to low-income customers, and (ii) not less than sixty per cent of the total capacity of each shared clean energy facility is sold, given or provided to low-income customers, moderate-income customers or low-income service organizations. The authority may modify such shared clean energy facility capacity requirements for the limited purpose of aligning the allocation of shared clean energy facility capacity with the requirements of any federal acts providing renewable energy incentives.

(F) The department may allow preferences to projects that serve low-income customers and shared clean energy facilities that benefit

customers who reside in environmental justice communities.

(G) The department may create incentives or other financing mechanisms to encourage participation by low-income customers.

(H) The department may require that not more than forty per cent of the total capacity of each shared clean energy facility is sold to commercial customers.

(7) For purposes of this subsection:

(A) "Environmental justice community" has the same meaning as provided in subsection (a) of section 22a-20a;

(B) "Low-income customer" means an in-state retail end user of an electric distribution company (i) whose income does not exceed sixty per cent of the state median income, adjusted for family size, or (ii) that is an affordable housing facility. The authority may modify such definition for the limited purpose of aligning such definition with the requirements of any federal acts providing renewable energy incentives;

(C) "Low-income service organization" means a for-profit or nonprofit organization that provides service or assistance to low-income individuals; and

(D) "Moderate-income customer" means an in-state retail end user of an electric distribution company whose income is between sixty per cent and one hundred per cent of the state median income, adjusted for family size. The authority may modify such definition for the limited purpose of aligning such definition with the requirements of any federal acts providing renewable energy incentives.

(b) (1) On or before July 1, 2020, the authority shall initiate a proceeding to establish (A) tariffs for each electric distribution company pursuant to subdivision (2) of this subsection, (B) a rate for such tariffs,

which may be based upon the results of one or more competitive solicitations issued pursuant to subsection (a) of this section, or on the average cost of installing the generation project and a reasonable rate of return that is just, reasonable and adequate, as determined by the authority, and shall be guided by the Comprehensive Energy Strategy prepared pursuant to section 16a-3d, and (C) the period of time that will be used for calculating the net amount of energy produced by a facility and not consumed, provided the authority shall assess whether to incorporate time-of-use rates or other dynamic pricing and such period of time shall be either (i) in real time, (ii) in one day, (iii) in any fraction of a day not to exceed one day, or (iv) in any period of time greater than one day up to and including one month. In such proceeding, the authority shall consider the findings of the study of the value of distributed energy resources conducted pursuant to section 16a-3o. The authority shall issue a final decision in such proceeding on or before July 1, 2021. The authority may modify such rate for new customers under this subsection based on changed circumstances and may establish an interim tariff rate prior to the expiration of the residential solar investment program pursuant to subsection (b) of section 16-245ff as an alternative to such program, provided any residential customer utilizing a tariff pursuant to this subsection at such customer's electric meter shall not be eligible for any incentives offered pursuant to section 16-245ff at the same such electric meter and any residential customer utilizing any incentives offered pursuant to section 16-245ff at such customer's electric meter shall not be eligible for a tariff pursuant to this subsection at the same such electric meter.

(2) On and after January 1, 2022, each electric distribution company shall offer the following options to residential customers for the purchase of products generated from a Class I renewable energy source that is located on a customer's own premises and has a nameplate capacity rating of twenty-five kilowatts or less for a term not to exceed twenty years: (A) A tariff for the purchase of all energy and renewable

energy certificates on a cents-per-kilowatt-hour basis; and (B) a tariff for the purchase of any energy produced and not consumed in the period of time established by the authority pursuant to subparagraph (C) of subdivision (1) of this subsection and all renewable energy certificates generated by such facility on a cents-per-kilowatt-hour basis, subject to any tariff terms, conditions or other stipulations of the authority, including, but not limited to, stipulations regarding the capacity rights of a given facility. A residential customer shall select either option authorized pursuant to subparagraph (A) or (B) of this subdivision, consistent with the requirements of this section. Such generation projects shall be sized so as not to exceed the load at the customer's individual electric meter or, in the case of a multifamily dwelling that qualifies under this subsection, the load of the premises, from the electric distribution company providing service to such customer, pursuant to any rules established by the authority and as determined by such electric distribution company. For purposes of this section, "residential customer" means a customer of a single-family dwelling, a multifamily dwelling consisting of two to four units, or a multifamily dwelling consisting of five or more units, provided in the case of a multifamily dwelling consisting of five or more units, (i) not less than sixty per cent of the units of the multifamily dwelling are occupied by persons and families with income that is not more than sixty per cent of the area median income for the municipality in which it is located, as determined by the United States Department of Housing and Urban Development, or (ii) such multifamily dwelling is determined to be affordable housing by the Public Utilities Regulatory Authority in consultation with the Department of Energy and Environmental Protection, Department of Housing, Connecticut Green Bank, Connecticut Housing Finance Authority and United States Department of Housing and Urban Development. In the case of a multifamily dwelling consisting of five or more units, a generation project shall only qualify under this subsection if: (I) Each of the dwelling units receives an appropriate share of the benefits from the generation project, and (II)

no greater than an appropriate share of the benefits from the generation project is used to offset common area usage. The Public Utilities Regulatory Authority shall initiate an uncontested proceeding to implement the distribution of the benefits from the generation project pursuant to this section.

(c) (1) (A) **[**The aggregate total megawatts available to all customers utilizing a procurement and tariff offered by electric distribution companies pursuant to subsection (a) of this section shall be up to eighty-five megawatts in year one and increase by up to an additional one hundred sixty megawatts per year on and after January 1, 2023, provided**]** Except as provided in subparagraph (B) of this subdivision, for procurement and tariff years commencing on and after January 1, 2025, the total megawatts available to customers eligible under subparagraph (A) of subdivision (2) of subsection (a) of this section shall not exceed ten megawatts per year, the total megawatts available to customers eligible under subparagraph (B) of subdivision (2) of subsection (a) of this section shall not exceed one hundred megawatts per year and the total megawatts available to customers eligible under subparagraph (C) of subdivision (2) of subsection (a) of this section shall not exceed fifty megawatts per year. The authority shall monitor the competitiveness of any procurements authorized pursuant to subsection (a) of this section and may adjust the annual purchase amount established in this subsection or other procurement parameters to maintain competitiveness. Any megawatts not allocated in any given year shall roll into the next year's available megawatts. The obligation to purchase energy and renewable energy certificates shall be apportioned as determined by the authority.

(B) For procurement and tariff years commencing on and after January 1, 2025, the authority may exceed the limits on total available megawatts described in subparagraph (A) of this subdivision for any procurement and tariff program authorized pursuant to subsection (a)

of this section in any such year, if, during the period commencing on January first and ending on the date that the last project is selected pursuant to the usual procurement process for such program, as determined by the authority, the aggregate dollar amount of procurements of energy and renewable energy credits over the tariff term for all selected projects does not exceed the aggregate dollar amount of procurements of energy and renewable energy credits over the tariff term for all projects selected in such program during the calendar year 2024. The authority shall determine the manner of exceeding such limits.

(C) (i) The electric distribution companies shall continue to offer any tariffs developed pursuant to subparagraph (B) of subdivision (1) of subsection (a) of this section for six years, inclusive of previous years of such procurement and tariff program. The sixth and final year of such procurement and tariff program shall be the calendar year 2027.

(ii) The electric distribution companies shall continue to offer any tariffs developed pursuant to subparagraph (C) of subdivision (1) of subsection (a) of this section for eight years, inclusive of previous years of such procurement and tariff program. The eighth and final year of such procurement and tariff program shall be the calendar year 2027.

[(B)**]** (D) The electric distribution companies shall offer any tariffs developed pursuant to subsection (b) of this section for six years. At the end of the tariff term pursuant to subparagraph (B) of subdivision (2) of subsection (b) of this section, residential customers that elected the option pursuant to said subparagraph shall be credited all cents-per-kilowatt-hour charges pursuant to the tariff rate for such customer for energy produced by the Class I renewable energy source against any energy that is consumed in real time by such residential customer.

[(C)**]** (E) The authority shall establish tariffs for the purchase of energy on a cents-per-kilowatt-hour basis at the expiration of any tariff

terms authorized pursuant to this section.

(2) The department, in consultation with the authority, shall assess the tariff offerings pursuant to this section and determine if such offerings are competitive compared to the cost of the technologies and shall report, in accordance with section 11-4a, the results of such determination to the General Assembly not later than January 15, 2027.

(3) For any tariff established pursuant to this section, the authority shall examine how to incorporate the following energy system benefits into the rate established for any such tariff: (A) Energy storage systems that provide electric distribution benefits, (B) location of a facility on the distribution system, (C) time-of-use rates or other dynamic pricing, and (D) other energy policy benefits identified in the Comprehensive Energy Strategy prepared pursuant to section 16a-3d.

(d) In accordance with subsection (h) of section 16-245a, the authority shall determine which of the following two options is in the best interest of ratepayers and shall direct each electric distribution company to either (1) retire the renewable energy certificates it purchases pursuant to subsections (a) and (b) of this section on behalf of all ratepayers to satisfy the obligations of all electric suppliers and electric distribution companies providing standard service or supplier of last resort service pursuant to section 16-245a, or (2) sell such renewable energy certificates into the New England Power Pool Generation information system renewable energy credit market. The authority shall establish procedures for the retirement of such renewable energy certificates. Any net revenues from the sale of products purchased in accordance with this section shall be credited to customers through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company.

(e) The costs prudently and reasonably incurred by an electric distribution company pursuant to this section shall be recovered on a

timely basis through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company. Any net revenues from the sale of products purchased in accordance with any tariff offered pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of such electric distribution company.

(f) Notwithstanding the size-to-load provisions of subdivision (4) of subsection (a) of this section, the entire rooftop space of a customer's own premises developed pursuant to subparagraph (B) of subdivision (1) of subsection (a) of this section and owned by a commercial or industrial customer may be used for purposes of electricity generation and participation in the solicitation conducted by each electric distribution company pursuant to subdivision (4) of subsection (a) of this section.

(g) State, municipal and agricultural customers shall be exempt from the requirement that generation projects owned or developed pursuant to subparagraph (A) or (B) of subdivision (2) of subsection (a) of this section be located on a customer's own premises.

Sec. 7. Section 16-245aa of the general statutes is repealed. (*Effective October 1, 2024*)

Approved May 21, 2024