
OLR Bill Analysis

HB 5232 (as amended by House "A")*

AN ACT CONCERNING SOLAR PROJECTS THROUGHOUT THE STATE.

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SUMMARY

This bill makes various changes in laws related to renewable energy facilities, including renewable energy tariffs, Green Bank programs,

solar canopies, and study requirements, as described in the section-by-section analysis below.

*House Amendment "A" replaces the underlying bill, and (1) eliminates its provisions on (a) a uniform capacity tax and property tax exemption changes and instead requires the Department of Energy and Environmental Protection (DEEP) to study the tax, (b) a DEEP study on community solar programs, (c) solar installation goals, (d) a solar canopy strategic plan, (e) a limit on the Green Bank's marketing, and (f) a Lead by Example study on solar installation and (2) adds provisions on (a) PURA's study on renewable energy tariffs, (b) DEEP's inclusion of solar siting information in the Integrated Resource Plan (IRP), and (c) renewable energy tariff caps and timelines.

EFFECTIVE DATE: Various; see below.

§ 1 — UNIFORM CAPACITY TAX STUDY

Requires DEEP to study the feasibility and potential cost impacts of establishing a uniform capacity tax for solar facilities in the state and report to the Energy and Technology Committee by January 1, 2025

The bill requires the DEEP commissioner, in consultation with the Office of Policy and Management, to study the feasibility and potential cost-related impacts of establishing a uniform capacity tax for solar facilities in the state. The study must:

1. examine the current statutory framework for personal and real property taxes on solar facilities;
2. examine the history of municipal taxation of solar facilities;
3. examine the costs of solar facility projects and a uniform capacity tax's potential impact, accounting for other cost factors for these projects;
4. analyze what, if any, tax amount per megawatt (MW) of capacity would fairly compensate municipalities without making projects unviable; and
5. recommend any legislative changes.

The bill requires DEEP to report its findings and recommendations on establishing a uniform capacity tax to the Energy and Technology Committee by January 1, 2025.

EFFECTIVE DATE: Upon passage

§ 2 — RENEWABLE ENERGY TARIFF STUDY

Requires PURA to study renewable energy tariffs and potential successor programs and report its findings to the Energy and Technology Committee by January 15, 2026

The bill requires the Public Utilities Regulatory Authority (PURA) chairperson to study existing renewable energy tariff programs. The study must examine whether to extend the tariff programs beyond its current authorized timeframe. The study must also examine potential processes to avoid stranded projects and potential successor programs, including (1) potential programs without MW caps; (2) different possible criteria and procedures to choose projects (e.g., lottery or first-come, first-served basis); and (3) alternative bidding frameworks (e.g., awarding solicitations based on soonest deployment).

The bill requires the PURA chairperson to report her findings and any recommendations to the Energy and Technology Committee by January 15, 2026.

EFFECTIVE DATE: Upon passage

§ 3 — SOLAR CANOPIES

Requires municipalities to establish simplified processes for solar canopy approvals and act on land use applications for them within six months

The bill requires municipal planning commissions, zoning commissions, or combined planning and zoning commissions to amend their zoning regulations to establish a simplified approval process for solar canopy applications. The bill requires these commissions to approve or deny land use applications to build solar canopies within six months of their filing dates. The bill applies these requirements regardless of any conflicting municipal charter provisions or ordinances.

Under the bill, a solar canopy is an outdoor, shade-providing

structure that hosts solar panels located above a parking or driving area, pedestrian walkway, courtyard, canal, or other used surface that is installed in a way that maintains the function of the area underneath the structure. Solar canopies include carports.

EFFECTIVE DATE: July 1, 2024

§ 4 — GREEN BANK C-PACE PROJECT REQUIREMENTS

Exempts renewable energy system expansions or upgrades from the Green Bank's standards on projects costs and savings for C-PACE projects

The Green Bank's Commercial Property Assessed Clean Energy Program (C-PACE) finances certain energy improvement projects, repaid through an assessment on the property, backed by a lien. Current law requires the Green Bank to adopt standards for C-PACE to determine whether the project's combined projected energy costs savings and other associated savings over its useful life exceed its costs, but exempts certain types of projects from these standards (e.g., zero-emission vehicle refueling infrastructure and resilience improvement projects). The bill additionally exempts projects from these standards that are expansions or upgrades to an existing renewable energy system.

EFFECTIVE DATE: October 1, 2024

§ 5 — IRP PROVISION ADDRESSING SOLAR SITING

Requires DEEP to include information on solar siting in the next IRP in a format that can be overlaid on existing grid interconnection maps

Existing law requires DEEP to develop the IRP every two years in consultation with electric distribution companies (EDCs, i.e., Eversource and United Illuminating) to review and plan for the state's energy needs (CGS § 16a-3a). The bill requires the DEEP commissioner, as part of the IRP, to submit information on the potential siting of solar projects in the state. The commissioner must consult with the agriculture and economic and community development commissioners and submit the information (1) by one year after the bill's passage and (2) in a format that can be overlaid onto the EDC's existing grid interconnection maps.

EFFECTIVE DATE: Upon passage

§ 6 — RENEWABLE ENERGY TARIFFS

Allows PURA to exceed NRES and SCEF caps, as long as aggregate dollar amounts for selected projects do not exceed amounts for projects selected in 2024; extends SCEF by two years so that both NRES and SCEF end in 2027

The law and subsequent PURA decisions establish renewable energy tariffs that govern how electric customers who install, lease, or otherwise contract with solar facilities are compensated for the energy and related attributes these facilities generate. The law sets caps for two programs under these tariffs: the Nonresidential Energy Solutions program (NRES) and the Shared Clean Energy Facility program (SCEF). For NRES, the law caps low-emissions projects at 10 MW per year and zero-emissions projects at 100 MW per year. For SCEF, the law applies a 50 MW cap (CGS § 16-244z(c)(1)(A)).

For procurement and tariff years starting January 1, 2025, the bill allows PURA to exceed the above caps under certain conditions and in a manner PURA determines. Specifically, PURA may do so if the aggregate dollar amount of energy and renewable energy procurements under the programs, during the period starting January 1 and ending when the last project is selected under the usual procurement process as PURA determines and over the tariff term for all selected projects, does not exceed the aggregate dollar amount over the tariff term for projects selected during calendar year 2024.

The law initially established a six-year schedule for SCEF and NRES, but, in practice, these programs started in different years. The bill extends SCEF for two years, aligning its termination with NRES, so that both programs end in calendar year 2027.

While the bill otherwise generally retains SCEF and NRES caps, it makes a technical change to remove a provision establishing an aggregate cap for both programs.

EFFECTIVE DATE: July 1, 2024

§ 7 — RENEWABLE ENERGY AND EFFICIENT ENERGY FINANCE ACCOUNT (REEEFA)

Eliminates an obsolete account and related program

The bill eliminates REEEFA, which, under current law, is a separate, nonlapsing account within the Green Bank's Clean Energy Fund. The bill also eliminates a requirement that the Green Bank establish a renewable energy and efficient energy finance program, supported by the account. In practice, authorization for bond funding for this account was cancelled in 2016 (PA 16-4, May Special Session, § 324).

EFFECTIVE DATE: October 1, 2024

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 14 Nay 6 (03/21/2024)