



# People's Action for Clean Energy

Energy & Technology Committee

Public Hearing February 27, 2024

Submitted by Mark Scully, President of People's Action for Clean Energy

Raised Bills:

- H.B. 5231—An Act Concerning Revisions to the State's Nonresidential renewable Energy Program and Shared Clean Energy Facility Program
- HB-5232: An Act Concerning Solar Projects Throughout the State
- HB-5052: An Act Concerning Solar Energy in Schools

## Summary

At the February 27, 2024 Energy & Technology Committee hearing, there was extensive testimony regarding the impact of raising the megawatt (MW) caps on the Non-Residential Renewable Energy Solutions (NRES) program. Building on this testimony, **we propose transitioning the NRES program away from reliance on MW caps in favor of administratively determined clearing prices.** A range of experts testified that such a program would promote growth in solar at minimal ratepayer impact and provide certainty to both policymakers and market participants.

Amending the current NRES program without significant market disruption will require additional analysis. We propose that the Public Utilities Regulatory Authority (PURA) take time to consider how to best set these prices and explore other program changes necessitated by this change. In addition, we propose an interim approach to continue to promote commercial solar until these changes are implemented.

Testimony from leading state energy regulators and policymakers not only highlighted the consequences of removing the NRES caps but also expressed willingness to work with the legislature to determine what other program modifications are needed. We excerpt some of this testimony below.

## Our Proposal

1. Instruct PURA to report to the legislature by December 31, 2024<sup>1</sup> regarding recommended modifications to the NRES program to allow for more rapid deployment of solar. Such study shall include:
  - a. removal of capacity (MW) limits on any or all program categories<sup>2</sup>,
  - b. setting of administered clearing prices on each category,
  - c. documenting the ratepayer impact of increased solar deployment in each category
2. Until the recommendations of PURA are reviewed and implemented:
  - a. Remove the cap on the small zero-emission category, using the currently established procedure for setting a clearing price.
  - b. Remove the caps on the medium and large zero-emission categories, with administered clearing prices set on an interim basis at the prior year average clearing price.<sup>3</sup>

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<sup>1</sup> Consider this date a placeholder, to be set in collaboration with PURA.

<sup>2</sup> These categories comprise small zero-emission, medium zero-emission, large zero-emission and low-emission.

<sup>3</sup> For example, the Year 2 average price for medium zero-emission projects was \$160.79 and for large zero-emission projects was \$136.07.



## Excerpts from February 27 Hearing Testimony

In both written and live testimony, the three leading energy regulators in the state<sup>4</sup> noted that removing the NRES caps without additional measures would remove the competitive nature of bids and result in more expensive projects and increased ratepayer impact. Together, these testimonies provide assurance that our regulators are vigilant in balancing the need for more solar deployments against the impact on ratepayers.

Importantly, all three of these experts expressed a clear willingness to collaborate with the legislature to determine what additional program modifications could be taken to minimize ratepayer impact.

Examples of this testimony include:

- “We’d be eager to work with the committee to look at what kinds of experience from the programs that have been implemented, experience that we have observing other types of competitive markets for generation and see if those practices can be incorporated in some way to accommodate the idea of expanding, for example, the 25 MW for schools that also retains the competitive pressure to deliver affordable prices for solar.” *DEEP Commissioner Katie Dykes*<sup>5</sup>
- “PURA has a great track record and expertise, and has run really effective processes for looking at program design, so that once you determine how much you are looking to build, that you can procure it in the least-cost way.” *DEEP Commissioner Katie Dykes*<sup>6</sup>
- “Whether it’s in the Integrated Resources Plan or a PURA study, these are all things that DEEP or PURA, with, obviously, the input of lots of the stakeholders, could better analyze at the committee’s direction and report back on.” *DEEP Commissioner Katie Dykes*<sup>7</sup>
- “We would be happy to discuss with the committee ways in which to minimize that disruption....” *PURA Chairman Marissa Gillett*<sup>8</sup>
- “If you remove the megawatt deployment caps, the only way we could immediately think of for the program to continue without interruption, would be to assume that the price caps become the operational, effective clearing price, as opposed to the clearing price that is otherwise determined through that competitive auction.” *PURA Chairman Marissa Gillett*<sup>9</sup>
- “Ideally, if you were going to remove the megawatt deployment caps, you would take a much harder look at your program design, and place a lot more resources and time on the question of determining administratively what that price cap should be....” *PURA Chairman Marissa Gillett*<sup>10</sup>
- “What we could do over time is we could put more resources into appropriately determining a price cap, setting a price cap administratively, which can be done to be clear. It just has not been the focus of the program design historically. So, there is a way to minimize the ratepayer impact we contemplated in the testimony.” *PURA Chairman Marissa Gillett*<sup>11</sup>

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<sup>4</sup> Department of Energy & Environmental Protection (DEEP) Commissioner Katie Dykes, PURA Chairman Marissa Gillett and Consumer Counsel Claire Coleman.

<sup>5</sup> February 27, 2024 Energy & Technology Committee hearing (<https://ct-n.com/ctnplayer.asp?odID=22727>), starting at 10:25

<sup>6</sup> *Ibid.*, starting at 23:43

<sup>7</sup> *Ibid.*, starting at 24:53

<sup>8</sup> *Ibid.*, starting at 1:07:43

<sup>9</sup> *Ibid.*, starting at 1:10:39

<sup>10</sup> *Ibid.*, starting at 1:11:38

<sup>11</sup> *Ibid.*, starting at 1:28:24



## People's Action for Clean Energy

- "...so that would be important to us to ensure that, if there was going to be any cap adjustment, that we were able to ensure that non-participating ratepayers can share in those federal tax savings." *Consumer Counsel Claire Coleman*<sup>12</sup>
- "We'd be happy to assist with further analysis." *Consumer Counsel Claire Coleman*<sup>13</sup>

### **About PACE**

People's Action for Clean Energy is a 47-year-old Connecticut-based nonprofit dedicated to promoting the transition to clean, renewable energy. We seek to inform the public discourse on energy issues and work closely with Connecticut towns and cities to take action to promote energy efficiency, the electrification of transportation and heating and solar.

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<sup>12</sup> Ibid., starting at 1:45:22

<sup>13</sup> Ibid., starting at 1:46:52