



General Assembly

Amendment

January Session, 2015

LCO No. 8265



Offered by:

REP. REED, 102nd Dist.
SEN. LOONEY, 11th Dist.
REP. SHARKEY, 88th Dist.

SEN. DOYLE, 9th Dist.
REP. ACKERT, 8th Dist.
SEN. FORMICA, 20th Dist.

To: House Bill No. 6838

File No. 526

Cal. No. 332

"AN ACT CONCERNING THE ENCOURAGEMENT OF LOCAL ECONOMIC DEVELOPMENT AND ACCESS TO RESIDENTIAL RENEWABLE ENERGY."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 16-245ff of the general statutes is repealed and
4 the following is substituted in lieu thereof (*Effective from passage*):

5 (a) As used in this section and section 16-245gg, as amended by this
6 act:

7 (1) "Performance-based incentive" means an incentive paid out on a
8 per kilowatt-hour basis.

9 (2) "Expected performance-based buydown" means an incentive
10 paid out as a one-time upfront incentive based on expected system
11 performance.

12 (3) "Qualifying residential solar photovoltaic system" means a solar
13 photovoltaic project that receives funding from the Connecticut Green
14 Bank, is certified by the authority as a Class I renewable energy source,
15 as defined in subsection (a) of section 16-1, emits no pollutants, is less
16 than twenty kilowatts in size, is located on the customer-side of the
17 revenue meter of one-to-four family homes and serves the distribution
18 system of an electric distribution company.

19 (4) "Solar home renewable energy credit" means a Class I renewable
20 energy credit created by the production of one megawatt hour of
21 electricity generated by one or more qualifying residential solar
22 photovoltaic systems with an approved incentive from the Connecticut
23 Green Bank on or after January 1, 2015.

24 [(a)] (b) The Connecticut Green Bank established pursuant to section
25 16-245n shall structure and implement a residential solar investment
26 program established pursuant to this section, which shall [result in a
27 minimum of thirty] support the deployment of not more than three
28 hundred megawatts of new residential solar photovoltaic installations
29 located in this state on or before (1) December 31, 2022, [the annual] or
30 (2) the deployment of three hundred megawatts of residential solar
31 photovoltaic installation, in the aggregate, whichever occurs sooner,
32 provided the bank does not approve direct financial incentives under
33 this section for more than one hundred megawatts of new qualifying
34 residential solar photovoltaic systems, in the aggregate, between the
35 effective date of this section and April 1, 2016. The procurement and
36 cost of [which] such program shall be determined by the bank [and the
37 cost of which shall not exceed one-third of the total surcharge collected
38 annually pursuant to said] in accordance with this section. [16-245n.]

39 [(b)] (c) The Connecticut Green Bank shall offer direct financial
40 incentives, in the form of performance-based incentives or expected
41 performance-based buydowns, for the purchase or lease of qualifying
42 residential solar photovoltaic systems until the earlier of the following:
43 (1) December 31, 2022, or (2) the deployment of three hundred
44 megawatts, in the aggregate, of residential solar photovoltaic

45 installation. [For the purposes of this section, "performance-based
46 incentives" means incentives paid out on a per kilowatt-hour basis,
47 and "expected performance-based buydowns" means incentives paid
48 out as a one-time upfront incentive based on expected system
49 performance.] The bank shall consider willingness to pay studies and
50 verified solar photovoltaic system characteristics, such as operational
51 efficiency, size, location, shading and orientation, when determining
52 the type and amount of incentive. Notwithstanding the provisions of
53 subdivision (1) of subsection (h) of section 16-244c, the amount of
54 renewable energy produced from Class I renewable energy sources
55 receiving tariff payments or included in utility rates under this section
56 shall be applied to reduce the electric distribution company's Class I
57 renewable energy source portfolio standard [. Customers who receive
58 expected performance-based buydowns under this section shall not be
59 eligible for a credit pursuant to section 16-243h] until the Public
60 Utilities Regulatory Authority approves the master purchase
61 agreement pursuant to subsection (e) of section 16-245gg, as amended
62 by this act.

63 [(c)] (d) [Beginning with the comprehensive plan covering the
64 period from July 1, 2011, to June 30, 2013, the] The Connecticut Green
65 Bank shall develop and publish [in each such plan] on its Internet web
66 site a proposed schedule for the offering of performance-based
67 incentives or expected performance-based buydowns over the
68 duration of any such solar incentive program. Such schedule shall: (1)
69 Provide for a series of solar capacity blocks the combined total of
70 which shall be a [minimum] maximum of [thirty] three hundred
71 megawatts and projected incentive levels for each such block; (2)
72 provide incentives that are sufficient to meet reasonable payback
73 expectations of the residential consumer and provide such consumer
74 with a competitive electricity price, taking into consideration the
75 estimated cost of residential solar installations, the value of the energy
76 offset by the system, the cost of financing the system, and the
77 availability and estimated value of other incentives, including, but not
78 limited to, federal and state tax incentives and revenues from the sale

79 of solar home renewable energy credits; (3) provide incentives that
80 decline over time and will foster the sustained, orderly development of
81 a state-based solar industry; (4) automatically adjust to the next block
82 once the board has issued reservations for financial incentives
83 provided pursuant to this section from the board fully committing the
84 target solar capacity and available incentives in that block; and (5)
85 provide comparable economic incentives for the purchase or lease of
86 qualifying residential solar photovoltaic systems. The [bank]
87 Connecticut Green Bank may retain the services of a third-party entity
88 with expertise in the area of solar energy program design to assist in
89 the development of the incentive schedule or schedules. The
90 Department of Energy and Environmental Protection shall review and
91 approve such schedule. Nothing in this subsection shall restrict the
92 [bank] Connecticut Green Bank from modifying the approved
93 incentive schedule [before the issuance of its next comprehensive plan]
94 to account for changes in federal or state law or regulation or
95 developments in the solar market when such changes would affect the
96 expected return on investment for a typical residential solar
97 photovoltaic system by [twenty] ten per cent or more. Any such
98 modification shall be subject to review and approval by the
99 department.

100 [(d)] (e) The Connecticut Green Bank shall establish and periodically
101 update program guidelines, including, but not limited to, requirements
102 for systems and program participants related to: (1) Eligibility criteria;
103 (2) standards for deployment of energy efficient equipment or building
104 practices as a condition for receiving incentive funding; (3) procedures
105 to provide reasonable assurance that such reservations are made and
106 incentives are paid out only to qualifying residential solar photovoltaic
107 systems demonstrating a high likelihood of being installed and
108 operated as indicated in application materials; and (4) reasonable
109 protocols for the measurement and verification of energy production.

110 [(e)] (f) The Connecticut Green Bank shall maintain on its Internet
111 web site the schedule of incentives, solar capacity remaining in the

112 current block and available funding and incentive estimators.

113 ~~[(f)]~~ (g) Funding for the residential [performance-based incentive
114 program and expected performance-based buydowns shall be
115 apportioned from] solar investment program (1) may include up to
116 one-third of the moneys collected annually under the surcharge
117 specified in section 16-245n; [, provided such apportionment shall not
118 exceed one-third of the total surcharge collected annually,] (2) shall
119 include all of the revenue from the solar home renewable energy credit
120 program; and (3) may be supplemented by federal funding as may
121 become available.

122 ~~[(g)]~~ (h) The Connecticut Green Bank shall identify barriers to the
123 development of a permanent Connecticut-based solar workforce and
124 shall make provision for comprehensive training, accreditation and
125 certification programs through institutions and individuals accredited
126 and certified to national standards.

127 (i) The Public Utilities Regulatory Authority shall provide an
128 additional incentive of up to five per cent of the then-applicable
129 incentive provided pursuant to this section for the use of major system
130 components manufactured or assembled in Connecticut, and another
131 additional incentive of up to five per cent of the then-applicable
132 incentive provided pursuant to this section for the use of major system
133 components manufactured or assembled in a distressed municipality,
134 as defined in section 32-9p, or a targeted investment community, as
135 defined in section 32-222.

136 ~~[(h)]~~ (j) On or before January 1, ~~[2014]~~ 2017, and every two years
137 thereafter for the duration of the program, the Connecticut Green Bank
138 shall report to the joint standing committee of the General Assembly
139 having cognizance of matters relating to energy on progress toward
140 the goals identified in subsection ~~[(a)]~~ (b) of this section.

141 Sec. 2. Section 16-245gg of the general statutes is repealed and the
142 following is substituted in lieu thereof (*Effective from passage*):

143 [The Public Utilities Regulatory Authority shall provide an
144 additional incentive of up to five per cent of the then-applicable
145 incentive provided pursuant to section 16-245ff for the use of major
146 system components manufactured or assembled in Connecticut, and
147 another additional incentive of up to five per cent of the then-
148 applicable incentive provided pursuant to section 16-245ff for the use
149 of major system components manufactured or assembled in a
150 distressed municipality, as defined in section 32-9p, or a targeted
151 investment community, as defined in section 32-222.]

152 (a) Not later than one hundred eighty days after July 1, 2015, the
153 Connecticut Green Bank shall negotiate and develop a master
154 purchase agreement with each electric distribution company. Each
155 such agreement shall have a term of fifteen years, and require the
156 electric distribution company to purchase solar home renewable
157 energy credits produced by qualifying residential solar photovoltaic
158 systems. Each electric distribution company's obligation to purchase
159 solar home renewable energy credits produced by qualifying
160 residential solar photovoltaic systems begins on the date that the
161 Public Utilities Regulatory Authority approves the master purchase
162 agreement pursuant to subsection (e) of this section and expires on
163 December 31, 2022.

164 (b) Solar home renewable energy credits shall be owned by the
165 Connecticut Green Bank, until transferred to an electric distribution
166 company pursuant to a master purchase agreement in accordance with
167 subsection (a) of this section. A solar home renewable energy credit
168 shall have an effective life covering the year of its production and the
169 following calendar year. The obligation of the electric distribution
170 companies to purchase solar home renewable energy credits pursuant
171 to the master purchase agreement shall be apportioned to electric
172 distribution companies based on their respective distribution system
173 loads at the commencement of the master purchase agreement period,
174 as determined by the authority.

175 (c) Notwithstanding subdivision (1) of subsection (h) of section 16-

176 244c, an electric distribution company may retire the solar home
177 renewable energy credits it procures through the master purchase
178 agreement to satisfy its obligation pursuant to section 16-245a or such
179 company may resell such renewable energy credits, with the proceeds
180 from resale to be netted against contract costs.

181 (d) To develop a master purchase agreement, the Connecticut Green
182 Bank and an electric distribution company shall negotiate in good faith
183 the final terms of the draft master purchase agreement. Thirty days
184 after the date negotiations commence, either the Connecticut Green
185 Bank or an electric distribution company may initiate a docket
186 proceeding before the Public Utilities Regulatory Authority to resolve
187 any outstanding issues pertaining to the master purchase agreement.

188 (e) Upon completion of negotiations on a master purchase
189 agreement the Connecticut Green Bank and the electric distribution
190 company shall not later than January 1, 2016, jointly file, with the
191 authority, an application for approval of the agreement by the
192 authority. No such master purchase agreement may become effective
193 without approval of the authority. The authority shall hold an
194 uncontested case, in accordance with the provisions of chapter 54, to
195 approve, reject or modify an application for approval of the master
196 purchase agreement.

197 (f) The purchase price of solar home renewable energy credits shall
198 be determined by the Connecticut Green Bank, and such purchase
199 price shall decline over time commensurate with the schedule of
200 declining performance-based incentives and expected performance-
201 based buydowns. Such purchase price shall not exceed the lesser of
202 either (1) the price of small zero-emission renewable energy credit
203 projects for the preceding year, or (2) five dollars less per renewable
204 energy credit than the alternative compliance payment pursuant to
205 subsection (k) of section 16-245. Any customer of an electric
206 distribution company that is eligible for the residential solar
207 investment program shall not be eligible for small zero-emission
208 renewable energy credits pursuant to section 16-244s.

209 (g) The electric distribution companies' costs associated with
210 complying with this section shall be recoverable through a fully
211 reconciling, nonbypassable rate component. Electric distribution
212 companies shall be entitled to recover reasonable costs and fees
213 prudently incurred while complying with the master purchase
214 agreement through a reconciling component of electric rates as
215 determined by the authority. Nothing in this section shall preclude the
216 resale or other disposition of energy or associated renewable energy
217 credits purchased by an electric distribution company, provided the
218 electric distribution company shall net the cost of payments made to
219 projects under the master purchase agreement against the proceeds of
220 the sale of energy or renewable energy credits and the difference shall
221 be credited or charged to electric distribution company customers
222 through a reconciling component of electric rates as determined by the
223 authority that is nonbypassable when switching electric suppliers.

224 (h) Each electric distribution company shall annually file with the
225 authority an accounting of all costs and fees incurred by such electric
226 distribution company while complying with the master purchase
227 agreement. Such accounting shall be considered a nonexempt public
228 record under the Freedom of Information Act.

229 (i) Any certificates issued by the New England Power Pool
230 Generation Information System for Class I renewable energy credits
231 produced by a qualifying residential solar photovoltaic system after
232 the electric distribution company obligation, pursuant to subsections
233 (a) and (b) of this section, to purchase solar home renewable energy
234 credits from such system expires shall be transferred from the
235 Connecticut Green Bank to the electric distribution company that
236 services the area where such residential solar photovoltaic system is
237 located. The electric distribution company shall either (1) resell such
238 credits into the New England Power Pool Generation Information
239 System renewable energy credit market, to be used by any electric
240 supplier or electric distribution company to meet the requirements of
241 section 16-245a, so long as the revenues from such sale are credited to

242 the electric distribution company's customers, or (2) retain such
243 certificates to meet such company's requirements under section 16-
244 245a. In considering whether to sell or retain such certificates, the
245 company shall select the option that is in the best interest of such
246 company's ratepayers.

247 Sec. 3. (NEW) (*Effective October 1, 2015*) (a) As used in this section:

248 (1) "Residential solar photovoltaic system" means equipment and
249 devices that have the primary purpose of collecting solar energy and
250 generating electricity by photovoltaic effect, have a nameplate capacity
251 rating of twelve kilowatts or less, are installed on the roof of a single-
252 family or multifamily home, conform to the National Electrical Code
253 and State Building and Fire Safety Codes and do not exceed the
254 maximum building height authorized by the municipality where such
255 home is situated;

256 (2) "Municipality" means any town, city, borough, consolidated
257 town and city or consolidated town and borough;

258 (3) "Permit" means a permit to install and interconnect a residential
259 solar photovoltaic system to the electric grid;

260 (4) "Permit applicant" means a natural person or household seeking
261 a permit to install a residential solar photovoltaic system;

262 (5) "Inspection" means a structural, electrical and fire safety
263 inspection of the permit applicant's residential solar photovoltaic
264 system; and

265 (6) "Electronic submission" means the act of a permit applicant who
266 submits his or her completed application to a municipality for review
267 by means of electronic mail, facsimile or electronic application
268 available on a municipality's Internet web site.

269 (b) Not later than January 1, 2016, each municipality shall develop a
270 permitting process for residential solar photovoltaic systems or, if

271 applicable, amend the municipality's current permitting process in
272 accordance with subsections (c) and (d) of this section. Each
273 municipality may (1) develop and post on the municipality's Internet
274 web site a permit application for the installation of a residential solar
275 photovoltaic system, (2) allow for electronic submission of such
276 application, and (3) exempt such system from payment of permit fees
277 pursuant to subsection (c) of section 29-263 of the general statutes.

278 (c) Not more than thirty days after receipt of a permit application, a
279 municipality shall inform such permit applicant whether such
280 application is approved or disapproved. Review of the permit
281 application shall be limited to whether the residential solar
282 photovoltaic system meets all municipal, state and federal health and
283 safety requirements.

284 (d) Not more than thirty days after the installation of a residential
285 solar photovoltaic system, a municipality shall inspect such system.
286 Such municipality may contract with a third-party contractor to
287 perform such inspections. The municipality shall disclose on its permit
288 application whether it contracts with a third-party contractor to
289 perform the inspection and the cost of such inspection. Not more than
290 one inspection shall be required for each residential solar photovoltaic
291 system, unless a health or safety issue is detected during the inspection
292 of such system. A municipality may perform a separate fire safety
293 inspection if deemed necessary by the municipality. If the municipality
294 or a third-party contractor performing such inspection makes a finding
295 that a residential solar photovoltaic system does not meet municipal,
296 state or federal health and safety requirements, such municipality may
297 require the permit applicant to apply for a special use permit.

298 (e) Nothing in this section shall authorize any person to cause any
299 home or structure located within a historic district established
300 pursuant to section 7-147b of the general statutes to be altered, as
301 defined in section 7-147a of the general statutes.

302 (f) Not later than December 1, 2015, the Connecticut Green Bank

303 shall plan, implement and host five residential solar photovoltaic
304 system permit training seminars, in different municipalities for the
305 purpose of providing guidance and information to municipalities
306 seeking to develop a permitting process in accordance with this
307 section. The Connecticut Green Bank may consult with and invite the
308 Connecticut Conference of Municipalities, the Connecticut Council of
309 Small Towns, the Renewable Energy and Efficiency Business
310 Association and any other organization or representative of such
311 organization to participate in the planning and implementation of the
312 training seminars."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245ff
Sec. 2	<i>from passage</i>	16-245gg
Sec. 3	<i>October 1, 2015</i>	New section