



MARCH 5, 2020 COMMENTS TO CT GENERAL ASSEMBLY'S ENERGY & TECHNOLOGY COMMITTEE FROM SOLARCONN EXECUTIVE DIRECTOR MICHAEL TRAHAN

SUPPORT: S.B. No. 10 (Climate Change)

SUPPORT: S.B. No. 290 (PV taxation)

SUPPORT: H.B. No. 5351 (Elec. Storage)

SUPPORT: H.B. No. 5348 (Choice Agg.)

OPPOSE: H.B. No. 5349 (EDCs own PV)

Members of the Energy & Technology Committee –

SolarConnecticut (SolarConn) is the state's solar energy business group whose members include nearly 40 businesses financing, designing, installing and developing commercial and residential solar power systems in Connecticut since 2007.

The 2019 solar job census by the *Solar Foundation* is out. It credits Connecticut with a total of 60 solar industry jobs gained from 2016 – 2019. In 2017, the U.S. Department of Labor predicted that "solar installer" would be the fastest-growing job in America over the next decade. They were correct. Below is a review of how some U.S. states grew their solar workforce since 2016. 15 states experienced double-digit growth over the past three years among states with 1,000 or more solar jobs. Most appear on their way to achieving what the U.S. DOL predicts will be 63% job growth between 2016 and 2026.

Connecticut is not among those states. A clear indication that Connecticut has missed the opportunity to grow solar jobs here that other states have not. Likely caused by poor policy planning and follow through.

UT	61%
MN	50%
IL	48%
FL	47%
VA	38%
PA	38%
NY	32%
IN	33%
OH	25%
GA	22%

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CO	19%
SC	19%
LA	14%
KY	13%
MO	11%
AZ	6%
CT	3%
NJ	3%
WI	2%



These growth numbers are dismal for a state once revered as a clean energy leader.

While the Connecticut solar industry has proposed bold policies, long-range and detailed planning, and steps to reduce installed costs (residential permitting and commercial interconnection streamlining) as a means of mitigating reduced incentives -- all of which have been in place for years in high solar job growth states -- the Connecticut Energy & Technology Committee in recent years has adopted little of it. The largest job producing programs are capped or hobbled with barriers.

We appreciate what the current E&T Committee leadership team did in 2019 to reverse the negative impact of 2018's SB9. This year we urge the E&T Committee to continue on the path of correcting mistakes of the past and set a new tone that makes the connection between distributed generation (in-state solar) and job growth that other states have already made.

SolarConn supports the intent of S.B. No. 10 AN ACT CONCERNING CERTAIN RECOMMENDATIONS REGARDING CLIMATE CHANGE and H.B. No. 5348 (RAISED) AN ACT CONCERNING THE STUDY OF COMMUNITY CHOICE AGGREGATION.

The details are impressive behind H.B. No. 5351 (RAISED) AN ACT CONCERNING CERTAIN PROGRAMS AND TO INCENTIVIZE AND IMPLEMENT ELECTRIC ENERGY STORAGE RESOURCES. Sadly, storage is another area where Connecticut lags behind other states. According to *GTM Research*, more than 21 U.S. states already have over 20 megawatts of energy storage projects proposed, in construction or deployed. Ten of those states have pipelines greater than 100 megawatts.

We wish to make clear that HB 5351 will not have maximum impact unless program solicitations include both residential and C&I customer opportunities.

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We feel HB 5351 should also address the looming closure of the highly successful Residential Solar Installation Program (RSIP). Last year, SolarConn and other advocates suggested that the Committee extend the program to bridge the 2-year timeframe (Jan 2022) it will take to reorganize net metering in Connecticut, conduct a value of distributed energy resources study, and develop a new solar tariffs policy as called for in last year's HB 5002.

An original 2019 bill that came out of the E&T Committee included 100 new megawatts of RSIP. That extension could have bridged the gap to Jan 2022. We would not be recommending an RSIP extension today had that extension been approved. The bill ultimately adopted by the Committee called for a 50-megawatt extension ... not enough to bridge the gap to Jan 2022.

State home installers have weathered 10 RSIP incentive reductions over the years. We accept that the RSIP program would zero out at some point as a means of gradually lowering consumer incentive expectations. The current incentive is 1/10th of what it was when the program started. But to shut the program down now while market remains conditioned to receive current \$2,000 incentive will negatively impact Connecticut's home-grown solar businesses that built the state's solar industry. An incentive reduction of \$2,000 to \$0 is just too big of a jump.

We simply observe that there's a better way to land the RSIP plane for all parties involved. Our suggestion is that the program be phased out slowly until it reaches a zero incentive in Jan 2022 (the projected start of the successor program). We propose that the RSIP be lowered in July, and again in the spring of 2021 before the program completely zeros out in January 2022. There are several reasons to wrap up RSIP in this manner.

1. Most important, any RSIP extension costs ratepayers nothing more than what they pay now. There is no state budget impact.
2. It offers state solar business the confidence needed to maintain employment levels.
3. It guarantees a qualified workforce will be in place to seamlessly transition to a post-RSIP battery storage reality in Connecticut as called for in H.B. No. 5351.
4. It gives the Committee the opportunity to responsibly wrap up what's likely been the state's (maybe the country's) most successful home solar incentive program and adheres to Connecticut General Statutes section 16-245ff (4)(d)(3) that provides that solar incentives are to decline over time and foster the **"sustained, orderly development of a state-based solar industry."**

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SolarConn opposes H.B. No. 5349 AN ACT CONCERNING THE OWNERSHIP OF CERTAIN SOLAR ENERGY PROJECTS BY ELECTRIC DISTRIBUTION COMPANIES. While commercial solar developers are prepared to compete with the utilities for who can develop large scale solar that will benefit ratepayers the most, and that this bill seems to infringe on state utility deregulation law that prohibits utility ownership of power plants, there's a bigger issue.

For more than five years, the state Legislature has struggled to get a shared/community solar program off the ground that gives ratepayers unable to host a solar system of their own to purchase a share of a large system installed somewhere else in the same utility territory. Recent media reports point out that the Public Utility Regulatory Agency (PURA) regulators believe that the state's major electric utilities have " ... failed to adequately comply with state timelines for developing rules around the (community solar) program. And if the utilities don't put in a good faith effort to do that by a new deadline of March 17, the agency said both utilities will face daily fines."

We don't think it's unreasonable for the Committee to signal to the utilities the importance of completing work on the state's Shared Clean Energy Facilities (SCEF) program first before taking on additional challenges.

SolarConn supports, with revisions, S.B. No. 290 (RAISED) AN ACT CONCERNING TAXATION OF CERTAIN SOLAR POWER FACILITIES. We support removing the exemption for virtual net metering ("VNM") projects (under section 16-244u) so that all net export Class 1 facilities, including VNM, will pay some property taxes to host municipalities.

Last year we offered a solution that called for a uniform capacity tax ("UCT") of \$5,000 per MW-AC for all annual net-export Class 1 facilities that come online after 12/31/2020. VNM projects are currently tax exempt by state statute. The solar industry is willing to give that up in order to put in place a better system for all stakeholders. Our proposal is that any solar projects that sells power back to the grid (VNM, community, wholesale, etc.) will have a uniform, fair tax rate paid to the host municipality.

This UCT concept is based on a Rhode Island state policy adopted several years ago. Behind the meter projects (projects that serve onsite load with no net export on annual basis) remain tax exempt. A UCT makes it a standard form and rate, saving towns, developers, and ratepayers money and time.

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Last, we feel SB 290 is the appropriate vehicle to address the antiquated cap on Virtual Net Metering policy. As is stands, the virtual net metering cap stifles job creation and needlessly costs municipalities energy savings.

The Legislature's cap on Virtual Net Metering blocks 80-percent of Connecticut cities and towns from saving millions on their energy bill. Lifting the cap not only saves taxpayers money, but also creates hundreds of good-paying jobs and attract tens of millions in investment into the state like has been the case in other high solar job growth states.

If the state Legislature were to allow just half of Connecticut cities and towns to participate in virtual net metering, it would create 300 new solar jobs, draw in \$250 million in federal investment tax credit (ITC) money into the state's economy, generate \$25M in new state and local tax revenue, cut \$75 million on municipal energy bills (paid by local residents), and help clean the environment (priceless). All this with no state budget impact. Lifting the VNM cap is the single biggest job creating, tax revenue-generating and municipal energy cost saving step the Legislature can take this year.

Here's how Virtual Net Metering (VNM) works (or doesn't work) for municipalities. Solar developers secure the rights to underutilized municipal properties and build large, football-field size, ground-mounted VNM systems. The electric power generated is uploaded to the grid and the value virtually assigned as a credit to the electric bill of any other another municipality that wants the credits. Substituting less expensive VNM credits on municipal electric bills in place of more expensive traditional grid power saves municipalities money ... a lot of money. Municipal leaders say they will save \$1 million or more (see testimonials on next page) using CT-made VNM power. Municipalities that host VNM projects earn property tax revenues on municipal land once thought to be useless.

While other states enjoy wild success from VNM, in Connecticut there's not enough VNM credits to meet municipal demand. Before last year, the Legislature's VNM cap allowed only about a dozen cities and towns buy VNM credits. Town and city leaders boxed out of VNM spoke out last year prompting an increase in the value of credits available from \$10M to \$20M. That added cap space was quickly absorbed by municipalities in the VNM cue. Today, the list of municipalities currently in line to get VNM credits is similar in size to the 2019 cue that helped spur last year's cap relief.

VNM is *not* a \$20M cost to ratepayers as some believe. It's simply the value of VNM credits that can be generated and applied as savings on municipal electric bills. It's \$20M worth of CT-made, electric power put on the grid that the utility companies don't have to source from coal, gas, oil, or nuclear power plants in and outside of Connecticut.

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*“The Town of Avon **strongly supports** abolishing the cap on virtual net metering, as it will allow us to pursue our goal of becoming a more sustainable and energy efficient community, while reducing our costs at a time when municipal budgets are constantly becoming leaner.”*

2019 Town Of Avon Letter To Energy & Technology Chairs Needleman & Arconti

“It is our understanding that without VNM East Haven will never realize the opportunity to reduce our energy cost. Therefore, we encourage you and your company to make every effort to secure VNM from State of Connecticut at the Legislative Session.”

2019 Letter From East Haven Town Officials To CT-based Solar Developer

“On behalf of the Town of South Windsor, I am writing to express support for the removal or expansion of the cap on virtual net metering. Removal of the cap will enable many municipalities such as the Town of South Windsor to pursue backlogged and new virtual net metering projects.”

2019 Letter To Energy & Technology Committee From South Windsor Town Manager

“The Town of West Hartford is writing in support of lifting of Virtual Net Metering caps in the state. West Hartford currently participates in Eversource’s Virtual Net Metering program. Our contract (2.4 MW) is allocated to eight different town and school properties. It represents about 15% of the town’s annual electric use for municipal operations and yielded financial savings to the town of approximately \$75,000 last year. We believe virtual net metering supports the growth of clean energy and related economy (jobs) in the state and should be part of Connecticut’s Clean Energy Future. “

2019 Letter from Town of West Hartford Energy Specialist

“ ... to reduce energy costs, the town of Wilton plans to work with the town of Weston to share the benefits of an off-site solar energy program, called Virtual Net Metering (VNM). The program could save the town up to \$50,000 annually in energy costs.”

2019 Wilton Bulletin Coverage

“The VNM program is subject to a cap, and there is a current backlog of unmet demand for VNM credits among municipalities who would like to participate in the program. Without the VNM component available to them, the potential impact of municipal renewable energy projects is greatly diminished, and some projects may not be developed at all.”

2018 Letter To Connecticut Legislators From Ellington Board Of Education

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