

Environment Committee JOINT FAVORABLE REPORT

Bill No.: HB-5004

AN ACT CONCERNING THE PROTECTION OF THE ENVIRONMENT AND THE
DEVELOPMENT OF RENEWABLE ENERGY SOURCES AND ASSOCIATED

Title: JOB SECTORS.

Vote Date: 3/14/2025

Vote Action: Joint Favorable Substitute

PH Date: 3/3/2025

File No.: 449

Disclaimer: *The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Environment Committee

CO-SPONSORS OF BILL:

Rep. Matthew Ritter, 1st Dist.
Rep. Joseph P. Gresko, 121st Dist.
Rep. Geraldo C. Reyes, 75th Dist.
Rep. Nick Gauthier, 38th Dist.
Rep. Michael "MJ" Shannon, 117th Dist.
Rep. Anthony L. Nolan, 39th Dist.
Rep. Sarah Keitt, 134th Dist.
Rep. Laurie Sweet, 91st Dist.
Sen. Jan Hochadel, 13th Dist.
Rep. Dominique Johnson, 143rd Dist.
Sen. Rick Lopes, 6th Dist.
Rep. Bobby G. Gibson, 15th Dist.
Rep. Brandon Chafee, 33rd Dist.
Rep. Aimee Berger-Girvalo, 111th Dist.
Rep. Renee LaMark Muir, 36th Dist.
Rep. Patricia A. Dillon, 92nd Dist.
Rep. Frank Smith, 118th Dist.
Rep. Kadeem Roberts, 137th Dist.
Rep. Eleni Kavros DeGraw, 17th Dist.
Rep. Kaitlyn Shake, 120th Dist.
Sen. MD Rahman, 4th Dist.
Rep. Kerry S. Wood, 29th Dist.
Rep. Gregory Haddad, 54th Dist.

Rep. Jason Rojas, 9th Dist.
Rep. Aundre Bumgardner, 41st Dist.
Rep. Hector Arzeno, 151st Dist.
Rep. Rebecca Martinez, 22nd Dist.
Rep. Marcus Brown, 127th Dist.
Rep. Lucy Dathan, 142nd Dist.
Rep. Mary M. Mushinsky, 85th Dist.
Rep. Josh Elliott, 88th Dist.
Rep. Steven Winter, 94th Dist.
Rep. Nicholas Menapace, 37th Dist.
Rep. Kate Farrar, 20th Dist.
Sen. Herron Gaston, 23rd Dist.
Rep. Jillian Gilchrest, 18th Dist.
Rep. Jennifer Leeper, 132nd Dist.
Rep. James Sanchez, 6th Dist.
Rep. Corey P. Paris, 145th Dist.
Rep. Kevin Brown, 56th Dist.
Rep. Amy Morrin Bello, 28th Dist.
Sen. Ceci Maher, 26th Dist.
Rep. Eilish Collins Main, 146th Dist.
Rep. Anne M. Hughes, 135th Dist.
Rep. Mary Fortier, 79th Dist.

REASONS FOR BILL:

This bill intends to protect the state's environment by setting greenhouse gas emission goals and encouraging the usage of solar energy. By providing for the development of renewable energy sources, it decreases the energy cost for businesses and homes. Houses that suffer from inefficient heating and thermal regulation systems hurt the state's housing market, adding to the existing strain. By updated the required standards, this bill increasing the available housing. The bill proposes multiple nature-based solutions using nature-based initiatives, which will increase the healthy impact on the environment and longevity.

Substitute Language LCO 6364

The substitute language changed several aspects of the bill. Sections from the previous language have been deleted and conforming changes have been made throughout to reflect this change. The previous sections 5 (which concerned PURA's centralized data dashboard), 11, 12, and 13 (the three of which concerned various technical specifications and related regulatory authority) were removed, while a new Section 21 was added.

Substitute Language for Section 4 modified the uncontested proceedings to concern the natural gas distribution system in the state, rather than the use of natural gas in the state. The proceeding also now requires transparent accounting, considerations of the disproportionate burdens placed on environmental justice communities, and considerations to ratepayer impacts. The proceeding must also maximize the efficiency, ratepayer value, and other benefits of the existing natural gas distribution system.

Substitute Language for Section 7 made changes to specify that the Connecticut Clean Economy Council was to serve as a central coordinating body for resilience and sustainability workforce efforts and opportunities for a technically advanced, enduring labor force, include resilience and sustainability job growth, and made various changes to the membership requirements of the Connecticut Clean Economy Council.

Substitute Language for Section 10 made various conforming changes, and expanded the list of building resilience improvements to include cost savings and potential benefits for transitioning from electric resistance heating, analyses on the acceleration of the adoption of heat pump water heaters, and the potential for a demand response program.

Substitute Language for Section 11 flipped the leading agency from OPM to DAS, and delayed the date DAS must submit their policy online to January 1, 2026, instead of 2025.

Substitute Language for Section 12 expanded the energy related aspects the commissioner considers when making decisions that will remodel, alter, repair, construct, or enlarge state real assets to include the capability of the asset to function as a resilience hub. It also changes the date by which DAS must develop a plan to retrofit existing fossil fuel-based heating and cooling systems at state buildings from January 1, 2026, to July 1, 2027.

Substitute Language for Section 13 expanded DEEP's consideration of best practices to include increased access to open spaces for public health benefits. Various conforming changes.

Substitute Language for Section 14 delayed the date by which PURA must submit their report from January 15, 2026, to January 15, 2027. JFS language removed a list of specific places for solar canopies to be installed (e.g., schools, government buildings, and parking lots).

Substitute Language for Section 16 changed the list of considerations of the cost benefit analysis of the best interest of the ratepayers to include adherence to workforce development practices and the potential rate impact on any class of ratepayers.

The JFS language further changed language referencing the recovery of prudent costs by gas companies, to language directing PURA to consider the appropriate cost recovery methodology for incentives established in this section.

It further added the Connecticut State Building Trades Council to the list of representatives that must be on the working group on thermal energy networks.

The JFS language also made various conforming changes.

Substitute Language for Section 17 removed previous language concerning PURA's handling of funds received through the incentive program, to language directing PURA to consider the appropriate cost recovery methodology for incentives established.

Substitute Language for Section 19 added electrical distribution or gas companies to the list of entities DEEP's commissioner may enter into contracts with to provide for the administration of the Housing Environmental Improvement Revolving Loan and Grant Fund. It also requires that DEEP begin accepting applications, on and after July 1, 2025, for financing and grants under the program, and limits the awarding of such grants or financing to low-income residents.

Substitute Language for Section 21 added a new section.

RESPONSE FROM ADMINISTRATION/AGENCY:

Katie Dykes, Commissioner, Department of Energy & Environmental Protection

DEEP supports the purpose of this bill and comments on multiple sections individually. DEEP supports **Section 1**, which sets greenhouse gas emissions goals for state agencies, giving DEEP the responsibility of providing guidance on the cost of greenhouse gas emissions. This section also states that state agencies may use the social of greenhouse gas emissions in their cost-benefit analysis. DEEP supports **Sections 2 and 3**, which update the CT Global Warming Solutions Act (GWSA). In addition to the pre-existing greenhouse gas emission targets, these sections provide a method to measure progress: an interim target of 65% below 2001 emissions levels for 2040. DEEP supports **Section 8 and 9's** proposal to codify the Connecticut Clean Economy Council. DEEP supports **Sections 11-13's** proposed goal of updating Connecticut's product efficiency standards, removing products from their efficiency statutes that DEEP considers obsolete. DEEP supports **Section 14**, which charges DEEP with developing a plan to incentivize heat pump programs, helping Connecticut residents and the housing market. **Section 16** requires DAS to establish a process that considers energy-related aspects when deciding to construct or repair any state property, as well as consult OPM and DEEP to develop a budget for revising fossil fuel-based systems in state buildings. While DEEP supports the objectives, it defers to DAS in the details. DEEP supports **Section**

17, which requires the agency to advance nature-based solutions through a nature-based initiative. **Section 18** has PURA develop a solar canopy plan. DEEP describes the research they've already done on solar canopies and supports the bill's expansion on it. **Section 19** requires DEEP to provide a triple-impact report to the legislature by Feb 1st, 2026. This report will cover actions that can achieve the following objectives: significantly lower energy costs for families and businesses, increase community resilience to extreme weather events, and contribute to greenhouse gas reductions as mentioned in this bill. This section gives DEEP the utility to model greenhouse gas emission scenarios, which DEEP supports. DEEP supports **Sections 20 and 21** with recommendations. Section 20 requires PURA to establish a thermal energy network program (TEN), providing clarity to the state's gas companies. It also gives PURA the criteria they must consider when reviewing TENs projects to ensure the benefits outweigh the costs. Section 21 deals with the financial support for municipal development of TENs. DEEP suggests adding language in Section 21 requiring programs for municipal TENs to be developed jointly by gas and electric companies and supported jointly by gas and electric ratepayers. DEEP points out a missing dollar figure on Line 1372, suggesting that this subsection should clarify the funding mechanism for the program, allowing PURA to determine cost limitations. DEEP supports **Section 22's** expansion of their current procurement authority for energy efficiency, adding gas efficiency measures.

Michelle Gilman, Commissioner, Department of Administrative Services

DAS comments on Section 16 of the bill, which requires them to establish a process to consider energy efficiency and sustainability goals when remodeling, altering, or repairing any state real asset. They report that this work is already underway, with a four-phase study planned out. However, the bill's deadline of January 1st, 2026, will not be met with the planned study. Thus, DAS requests that the deadline be changed to July 1st, 2027.

Daniel O'Keefe, Commissioner, Department of Economic and Community Development

DECD supports this bill with concerns regarding Section 6. It revises the JobsCT Tax Rebate Program, allowing the DECD Commissioner to give preference certain applications. DECD is concerned that implementing preference, which is subjective, will be challenging and set an inflexible precedent. They support Section 8, which creates the Connecticut Clean Economy Council, with the DECD Commissioner serving as one of the three cochair.

NATURE AND SOURCES OF SUPPORT:

Rep. Lucy Dathan, 142nd Dist.

In Lucy Dathan's public hearing testimony, she expresses support this bill. She explains how its focus on decreases the state's fossil fuel reliance will encourage energy efficiency, resulting in lowered costs for homes and businesses. The bill recognizes the potential negative effect it could have on workings, addressing it by establishing the Clean Economy Council to help transition them into working clean energy jobs. Lucy Dathan recommends that a review be done of the FMCC and Combined Public Benefit Charges, as well as an analysis on surcharges on natural gas, motor fuels, and heating fuels. This will reassure residents concerned with the costs of clean energy initiatives.

Paul Aresta, Executive Director, Council on Environmental Quality

The Council supports the provisions in this bill setting greenhouse gas emissions reduction goals for state agencies. They support the bill's intentions of encouraging things like water and energy conservation, renewable energy and increased energy efficiency, and the

advancement of nature-based solutions. The Council does have reservations regarding Section 24's usage of public funds for the development of urban agricultural sites.

Stephen Lewis, Legislative Chair, Sierra Club

The Sierra Club supports this bill thanks to its measures intended on saving making energy efficient and reducing costs, which will reduce grid strain and reduce pollution. They also have recommendations regarding Sections 14 and 16. While they support Section 14's study of heat pumps, they recommend additional language to increase the value and specificity of it. They want DEEP's plan to address specific heat pump applications and financing options. They also recommend requiring PURA to develop a water heater demand response program. Heat pump water heaters have a lower upfront cost than air or ground source pumps, which is why the Sierra Club wants to focus on them. Section 16 requires a plan for all state buildings to increase energy efficiency. They recommend requiring new state buildings to be constructed to a net-zero all-electric standard, saving Connecticut on energy costs.

Peter Brown, President, Uniformed Professional Fire Fighters Association

In Peter Brown's submitted public hearing testimony, he advocates for a moratorium on the approval and construction of new energy storage systems in Connecticut. There is concern raised about the rapid expansion of systems for renewable energy goals and encourages a measured approach. They feel that current regulations do not fully address the unique hazards and environmental impacts involved.

Alicea Charamut, Executive Director, Rivers Alliance

On behalf of Connecticut's Rivers Alliance, Alicea Charamut's public hearing testimony supports with bill, excluding a certain section. She explains how the nature-based solutions to benefit the ecosystem, like increasing clean water and healthier soil. They support the bill's promotion of solar canopies, as inland waters are liable to damage if not sited properly. However, Rivers Alliance strongly opposes Section 24, which proposes a change to the Open Space & Watershed Land Acquisition Grant Program (OSWA). They warn that adding a use of funds will oversubscribe any funds needed to protect open space and urban communities.

The following submitted testimony all support this bill for its focus on reducing greenhouse gases, explaining how the goals for pollution reduction will support the environment. The bill updating standards for equipment will increase energy efficiency and decrease costs over time. They all praise its usage of solar canopies to clean energy as well as the inclusion of nature-based solutions. The bill requiring PURA to establish a program for renewable thermal energy will, according to their testimony, advance Connecticut's clean energy transition and align it with state climate goals.

Terri Eickel, Executive Director, Interreligious Eco-Justice Network

Ed Hawthorne, President, American Federation of Labor & Congress of Industrial Organizations

Shannon Laun, Vice President, Conservation Law Foundation

Chris Phelps, State Director, Environment Connecticut

191 citizens expressed support.

NATURE AND SOURCES OF OPPOSITION:

Leslie Anderson, CEO, Propane Gas Association of New England

Leslie Anderson submits public hearing testimony in opposition for this bill. She explains that its proposals to increase essential energy source costs impose substantial financial burdens on Connecticut residents. Combustion fuels do not all work the same, she recommends that propane's benefits should be considered more.

Amanda De Vito Trinsey, Director, Industrial Energy Consumers

The Connecticut Industrial Energy Consumers (CIEC) submitted public hearing testimony, expressing significant concern about this bill's associated costs. They are concerned that the bill pushes Connecticut towards advanced decarbonization objectives without sufficient consideration of the financial impact it could have on companies and employers. Instead, they recommend a few amendments, including the clarification of the phrase "economy-wide" and a thorough analysis on the technical feasibility of the emissions reductions.

44 citizens expressed opposition.

Reported by: Phoebe Mann

Date: 3/27/25