Finance, Revenue and Bonding Committee
JOINT FAVORABLE REPORT

Bill No.: SB-1560

Title: AN ACT CONCERNING CONNECTICUT'S ECONOMY, ELECTRICITY AFFORDABILITY AND BUSINESS COMPETITIVENESS AND ESTABLISHING THE CONNECTICUT ENERGY PROCUREMENT AUTHORITY AND THE GREEN BOND FUND.

Vote Date: 4/24/2025

Vote Action: Joint Favorable

PH Date: 4/16/2025

File No.: 902

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SPONSORS OF BILL:

Finance, Revenue & Bonding Committee

REASONS FOR BILL:

The state of Connecticut has faced increasing costs of energy in recent years. This bill aims to address these rising costs, by first declaring that there is an energy affordability crisis. This bill aims to establish a new authority, called the Connecticut Energy Procurement Authority (CEPA) that focuses on procurement. The proposed CEPA would aid the Public Utilities Regulatory Authority (PURA) and the Department of Energy and Environmental Protection (DEEP) in the effort to reduce cost volatility. This bill also creates an Electric Rate Stabilization Fund, which would be administered by CEPA. This bill would also require CEPA, instead of PURA, to create a standard service procurement plan. This bill also establishes all nuclear generating facilities as Class 1 renewable energy sources. The public benefits section of residential electric bills would be replaced with a category of PURA-approved charges and would add tariffs for energy that was not used. A Green Bond Fund would be created, taking the public benefits charges, and moving them to the bonding process. Electric Distribution Companies (EDCs) would deploy advanced metering systems, and an Energy Infrastructure Transition Fund would be established under CEPA's administration. Lastly, storm costs would be securitized, and electricity used at a commercial or industrial property would be exempted from the state sales and use tax of energy.

RESPONSE FROM ADMINISTRATION/AGENCY:

Katie Dykes, Commissioner, Department of Energy and Environmental Protection (DEEP):
DEEP **opposes** this bill, as it would create jurisdictional confusion and overlap between CEPA and the duties of PURA and DEEP. The CEPA authority would overlap with (1) PURA's authority to review and approve standard service procurements, (2) DEEP's role in developing the Integrated Resources Plan (IRP) to assess supply and demand needs, (3) DEEP's authority to procure clean energy resources, and (4) the Siting Council's evaluation pursuant to Connecticut General Statutes section 16-50r. This bill would also allow for a lack of transparency within CEPA, which could create confusion regarding stakeholder input into its decisions. CEPA would not fall into the Connecticut Administrative Procedure Act' definition of a state agency, meaning that this act would not apply. This means that CEPA would not need to develop a record with stakeholder input and engagement, and parties would have right to appeal decisions that have stakeholder impact. This bill would also undermine revenue certainty for existing energy programs. The Green Bond Fund would be approximately one-third of the total borrowing limit for the state, which would be a significant price. The public benefits charge currently pays for programs that support the grid, which will benefit ratepayers in the long run whilst supporting the state's energy efficiency goals. These programs would not fully able to be covered by the state under the Green Bond Fund, meaning that significant cuts would have to be made, creating uncertainty for the grid and for ratepayers. Lastly, this bill would harm the market by adding all nuclear energy to the Class I definition.

Jeffrey Beckham, Secretary, Office of Policy and Management (OPM):
OPM **opposes** this bill, as it borrows billions of dollars, which impacts the state's long-term liabilities. The state would need to offset these costs with additional revenue or cut existing programs. This bill has a long-term impact, which will greatly impact the state's ability to allocate and allot resources.

Claire Coleman, Consumer Counsel, CT Office of Consumer Counsel (OCC)):
The Office of Consumer Counsel (OCC) supports many of the goals that this bill has but is concerned about its practicality and impact. OCC does not oppose the concept of using state bonds, but the bonding limits in this bill do not appear to reflect the current costs of state programs. It is unclear for the OCC as to whether the Green Bonds would cause Connecticut to exceed statutory bond limits. OCC supports utilizing state bond funding for specific programs currently funded on the electric bill, so long as bond funding provided to utilities is recognized as a credit to customer bills, and there are no changes to current legal processes for establishing revenue requirements and cost recovery established by PURA. OCC recommends that the committee consider utilizing state bond funding to eliminate overall outstanding arrearages more than sixty days old for financial hardship customers carried by both Eversource and United Illuminating. Connecticut should follow New York State's model, where the state used approximately 250 million of state funds in its 2022-2023 fiscal year to similarly cut down outstanding

residential arrearages for post-pandemic debt. OCC has concerns with the proposal to create an "Energy Infrastructure Transition Fund," as it does not specify how such capital investments would be financed, creating confusion. OCC recommends allowing PURA to finalize and implement the framework being developed within PURA Docket No. 21- 05-15RE03 as well as a new distribution rate case framework within Docket No. 21-05-15RE01.4. OCC also opposes the language that allows for rate reduction bond funding for all storm costs, as there are no limitations. An alternative that OCC recommends is to permit the EDCs to issue Rate Reduction Bonds through a financing order approved by PURA and issued by the Office of the Treasury with the benefit that lower interest rates can often obtain, instead of utility financing. Finally, OCC recommends that the proposed CEPA be a part of DEEP or PURA or formed as a full state agency with representation from PURA, DEEP and OCC as full agencies with subject matter expertise. OCC proposes having all interested parties engage in the current PURA dockets.

NATURE AND SOURCES OF SUPPORT:

Representative Tracy Marra, Connecticut General Assembly:
Representative Marra is in **support** of this bill and offers recommendations to make it stronger. Rep. Marra suggests that the committee establishes safeguards to prevent the uncheck addition of future Power Purchase Agreements (PPA's), which includes an annual cap, benchmarking against market-based energy prices, and a relevance test, which would only allow for PPAs if they are necessary for grid stability, directly displace Peaker plants, or address market-based needs. She recommends that the Low-Income Discount Rate (LIDR) and the Hardship programs are transferred to the General Fund, and that the state budget is used. She recommends accountability, budget alignment, administrative reform, and spending reductions for energy efficiency programs. She expressed concerns regarding the establishment of CEPA, as creating another agency may not decrease energy prices. She urged the committee to see if current agencies can attempt to lower energy prices before another agency is created.

Vincent Pace, Doug Horton, Andrew Belden, Digaunto Chatterjee, Jessica Cain and Marisa Paruta, Eversource Energy:
Eversource Energy **supports** this bill and believes that it would produce immediate and meaningful rate reductions after its mechanics are fleshed out. Options for lowering a customer's bills are limited. Energy supply prices account for approximately 34 percent of a residential customer's bill, but these prices are determined by the regional market. Transmission accounts for ten percent of the bill, but that is federally regulated. Distribution accounts for 29 percent of a customer's bill, and there is no realistic way to lower the costs that drive this rate. There is no way for PURA to lower the cost of operating the grid. The problem with electric rates is that the cost needed is spread over smaller sales volumes, causing the rate to increase for customers. The fourth component of a customer's bill, the public benefits charge, accounts for 27 percent of the bill, and the Green Bond fund proposed in this bill would decrease that percentage. The real culprit of the increase in bills is the increasing costs due to increased solar

adoption, climate change, asset replacement due to age or condition, and increased automation. Eversource profits from approximately 5.5 percent of a total utility bill, and these earnings are necessary to access capital from capital markets from both debt lenders and equity investors. This bill accurately identifies that there is no entity focusing on the electric rates problem in the state and hopes to make the conceptual policies in this bill a reality.

John Vamos, Government Relations Team, United Illuminating (UI):
The programs that this bill is proposing would help ratepayers take a more active role in their energy usage. UI has made progress with deploying smart meters but would require billing and metering system modifications to accommodate the peak hours and rates that the bill proposes. The proposed changes to solar would be more equitable for the grid. The elimination of the sale and use tax on electricity would also provide relief for UI's customers.

Heather Cavanaugh, President and CEO, Stamford Chamber of Commerce:
The Stamford Chamber of Commerce **supports** this bill, as it makes Connecticut's business environment more competitive and sustainable. The removal of the Sales Tax on Energy will provide immediate financial relief. Removal of the demand charge will ensure that business will not be penalized for their peak usage. Removal of parts of the Public Benefits Charge and moving it to bonding will make Connecticut a more attractive place to operate and invest.

Christopher Davis, Vice President of Public Policy, Connecticut Business and Industry Association (CBIA):
The CBIA supports this bill. In the most recent 2024 CBIA Survey of Connecticut Business, employers across the state noted that their top issue that they would like the legislature to address is lowering energy costs. More than half of the respondents said that they have taken steps to reduce their energy cost burden, using third-party suppliers, PPA's, and solar energy solutions. The CBIA supports the sections that will directly lower energy costs for Connecticut's employers. The CBIA also recommends placing many of the programs and initiatives currently funded by the public benefits charge that are not long-term infrastructure investments of PPA's into the General Fund, rather than through bonding.

C. Bryson Hull, Deputy Director (Northeast), Consumer Energy Alliance (CEA):
As a consumer advocacy organization representing every sector of the US economy, the CEA supports the intent of this bill, as they believe that electricity customers will see immediate relief if it were to pass. The reforms on net metered solar bill credits that this bill proposes will create important cost-shifts for customers. Some concepts included in this bill need to be fully fleshed out, especially a proposal for a state energy procurement authority. The CEA does not support all provisions of this bill but supports its intent and goal of ratepayer relief.

The following individuals also provided testimony in support of the bill, as it will lower the overall cost of electricity for businesses with its removal of the sales

tax on energy and the demand charge, as well as moving the public benefits charge into bonding:

Jami Allyn and John Chiangi, Vice President and President and Co-Owners, BRAND Services
Ray Bahr, P.E.; Elizabeth C. Reyes; Elena Cahill; Katie Dagostino, CEO, Central CT Chambers of Commerce
Stephen DePaolo, Owner, Pastanch LLC
Amanda Eddy, President and Owner, the Sousa Corp.
Vincent Esposito; Mary P. Fitzgerald, President, Acme Wire Products Company
George Frantzis, Co-Owner, Quassy Amusement and Water Park
Maureen Garceau, Owner, Reworx; Howard Goldfarb
James Higgins, President and CEO, Skyline Financial Federal Credit Union
Deirdre Jacob, President, Shoreline Chamber CT
Sherrye Krause, Vice President, McDonald Construction, Inc.
Scott Livingston, President and CEO, HORST Engineering
Jessica Olander, President, Connecticut River Valley Chamber of Commerce
Kenneth Ruth, President and CEO, The Carby Corporation
Cori-Lynn Webber, Law Office of Cori-Lynn S. Webber

NATURE AND SOURCES OF OPPOSITION:

Aziz Dehkan, Executive Director and Allizon Pilcher, Policy Director, Connecticut Roundtable on Climate and Jobs (CRCJ):
The CRCJ **opposes** this bill, as they believe that its implications would be harmful to ratepayers. The proposed CEPA agency, to be operated as a quasi-public entity, would not have the safeguards necessary to prevent politicization. The broad discretion with the proposed Green Bond Fund and the Electric Rate Stabilization Fund would allow for potential misuse of funds. Lastly, the bill would threaten the future of renewable energy development.

Samantha Dynowski, State Director, Sierra Club Connecticut:
The Sierra Club of Connecticut **opposes** this bill, as they believe that it puts Connecticut's clean energy process at risk. Adding another quasi-public agency will add costs and confusion to the energy landscape and will create more interference. The redefinition of Class I renewable energy to include nuclear would also overwhelm the Renewable Portfolio Standard. Class I energy should include renewable energy, and nuclear is not defined as a renewable.

Charles J. Rothenberger, Director of Government Relations, Save the Sound Connecticut:
Save the Sound **opposes** this bill, as it does not support the long-standing public policy goals of the state. Creating a proposed new entity to handle procurement would unnecessarily expand state bureaucracy and would be against the state's goals of expanding energy efficiency. The increased electricity sales because of load growth should be balanced against the cost of any distribution and transmission investments that will need to be recouped to meet load growth. The RPS is the wrong mechanism to support renewable energy credits. Connecticut should look to Massachusetts's "Clean

Energy Standard" (CES), which add additional procurement standards beyond those in the RPS. Save the Sound suggests that if Connecticut follows Massachusetts's model, the state should provide an ongoing review process.

Terri Eickel, Executive Director, Interreligious Eco-Justice Network (IREJN):
The IREJN **opposes** this bill's provisions that eliminate the Systems Benefit Charge, which provides funding for the energy efficiency and clean energy programs. These programs have helped houses of worship, businesses, and residents reduce their energy consumption. The IREJN opposes classifying nuclear as a Class I renewable energy source and the creation of a quasi-public authority. The IREJN recommends supporting and expanding on the current programs and agencies that the state has in place.

Chelsea Farrell, Legislative and Policy Associate, Trinity Solar:
Trinity Solar **opposes** this bill as written. There is significant unpredictability at the federal level with the possible reduction of the Investment Tax Credit (ITC). This unpredictability combined with the changes proposed in this bill has the potential to create a disruption in Connecticut's residential solar market that would hurt the industry. Solar reduces the peak demand and eases pressures on the grid, which positively helps ratepayers.

Kate Hanley, Manager of Legislative and Regulatory Affairs, IGS Solar:
IGS Solar **opposes** this bill, because they believe that they would not be able to continue developing residential rooftop solar projects in Connecticut if it were to pass as written. Section 1 of the bill does not accurately reflect the current role of solar energy adoption for the grid, as it provides meaningful zero dispatch cost generation to the generation supply stack, which benefits all consumers. Section 12 would flood Connecticut's Class I Renewable Energy Credit (REC) market with nuclear capacity that would be redundant and straining for the grid. Section 13 would restrict credits for excess energy production, which would drastically impact the value of solar on the market.

Ashen Harper, Founder, Fridays for Future Stamford:
Fridays for Future Stamford **opposes** this bill, as it would jeopardize a clean energy future for the state. The state is under financial stress due to federal budget cuts, and there is limited bond funding. The Green Bond Fund would cost taxpayers more money than the current cost for programs in the systems benefit charge. There is no reason to strip the public benefits charge, as the Millstone agreement part of the increase is almost paid off. The focus should be on a clean energy transition if the goal is to decrease the cost of energy bills in the state.

The following 27 individuals from Everlast Energy Oppose this bill, as Section 13 would de-incentivize individuals to install solar in their residences:
Nicholas Aloisi- Sales Manager
Brittany Balek- Energy Consultant
James Bartlett- Master Electrician
John Bochiccio- Energy Consultant
Jacob Burney- Energy Consultant

Zachary Camner- Chief Marketing Officer
Alexander Ciccio- Founder
Diego Cozzi- Energy Consultant
Robert DiNicola- Energy Consultant
Mario Esposito- Solar Roofer
Gilberto Faria- Solar Roofer
Daniel Ford- E2 Electrician
Colin Gallerani- Electrician
Joshua Jackson- Founder
Colin Jenkins- Energy Consultant
Jonathan Kemble- Energy Consultant
Nicholas King- Energy Consultant
Eric Lautenbach- Surveyor
Jayson Matos- Energy Consultant
James Medynski- Energy Consultant
Logan Nichols- Energy Consultant
Logan Oakes- Energy Consultant
Szymon Pogorzelski- Energy Consultant
Isaiah Snider- Electrician
Corey Spangler- Chief Operating Officer
Matthew Tomlin- Energy Consultant
David Williams- Energy Consultant

The following individuals from Earthlight Technologies oppose this bill, as it will result in fewer solar installations throughout the state:

Jim Bamman, Solar Project Manager
Armida Barcena West, Accounting Assistant
Paul Burchfield, Compliance Manager
Nancy Canavan, Staff Accountant
Ted Decyk, Account Manager
Seth Diggins, Site Technician
Robert Fontaine
Savannah K., Customer Experience Coordinator
Michael Maiscalco, CFO
Joseph Morrissey, Inside Sales Manager
Brian Murtha, Project Developer
Ellii Naor, Inside Sales Manager
Annalise Nielson, Business Development Analyst
Tyler Pepin, Inside Sales Manager
Christine Reynolds, Customer Experience Coordinator
Sean Riel, Director Sales Operations
Timothy Sadler, Solar Installer
Sam Schneider, CEO
Jacob Schneider, COO
Nathan Schneider, Senior Project Manager
John Smith, Director of Energy Efficiency
Tori Talbot, Controller
Brenda Weidl, Human Resources Manager
Mike Wenz, Sr. Project Manager
Heather Whittle Resi Opps Coordinator
Michael Zahner, Director of Technology

The following individuals from Ion Solar Pros (iSP) oppose this bill, as Section 13 would threaten the progress made with clean energy and would reduce economic incentives for homeowners to adopt solar energy:

Bill Barrieau, Chief Executive Officer
Todd Carew, Chief Operating Officer
John Mancini, Master Electrician
Patrick Moody, Marketing Director
Dan Pawson, Installation Supervisor

The following individuals also provided testimony in opposition to the bill, as it would cause additional obstacles for the grid:

Christian Herb, Connecticut Energy Marketers Association (CEMA)
Peter Kenefick, President and CEO, True View Consultants LLC

Richard Landau, Board Member, Ash Creek Conservation Association
Cary Lynch, Climate and Energy Policy Manager, The Nature Conservancy in Connecticut
David Milano, Owner, Milano Development LLC
Bernard Pelletier, Vice President, People's Action for Clean Energy
Stephen Pelton, CEO, EcoSmart Home Services
Chris Phelps, State Director, Environment Connecticut
Francis Pullaro, President, RENEW Northeast, Inc.
German Rojas, Principal, NexGen Energy, LLC
Tom Swan, Executive Director, Connecticut Citizen Action Group (CCAG)
Mike Trahan, Connecticut Solar and Storage Association
Jodi Trendler, Director of Sustainability and Resilience, City of Norwalk
Erin Tripplett, Director of Operations, Omega Energy
Kyle Wallace, VP, Public Policy and Government Affairs, PosiGen
Chris Worley, Senior Director of Public Policy, Sunrun
Connor Yakaitis, Deputy Director, CT League of Conservation Voters

Kevin Banach, Sydney Barnwell, G. Peter Bloom, Linda Bowers,Ian Bucholz, Derek Caelin, Ben Candea, Susan Chapin, John Chunis, Thomas Cleveland,Leticia Colon, Bob Congdon, Jennifer Connor, Jon Contois, Judy Cooke, Kris Coperine, Jason Cramer, Bradford Czepiel, Sarah Degemmis, Thomas Denzler, Dennis Desmarais, Eileen Donnell, Erin Dornfeld, Bob Dortenzio, Susan Eastwood, Paul Eddy, Beryl Edelman, Elizabeth Eldridge, Richard Eldridge, Jim and Cheryl Fillman, Eric Folery, Anthony Fonseca, Kenneth Foscue, Vincent Giordano, Mary Hack, Bettina Hall, Girard Hayes, Clarinda Higgins, Kathleen Jacobsen, Ralph Jones, Bill Kirwin, Kate Klein, Jennifer Kleindienst, Adelheid Koepfer, Mark Lender, Michelle Long, Shirley McCarthy, Thomas McCormick, Laura McMillan, Peter Millman, Mary Morrison, Tim Morse, Craig Olisky, Luke Osmundson, Vivian Perez, Patricia Rasch, Deborah Roe, Robb Sauerhoff, Michael Schwarzchild, Mark Scully, Amy Searle, Stephen Simon, Irene Skrybailo, Sarah Smith, Larry Spencer, Mary Stevens, Jessie Stratton, Lydia Theys, Michael Ungaro, Lindsey VanLew, Michael Webb, Stephanie Weiner, Anne Weisberg, Amy Ziffer, Alison Zyla.

GENERAL COMMENTS:

Gannon Long, Chief Program Policy Officer, Operation Fuel:
Operation Fuel appreciates the committee's goal of reducing energy costs but encourages the committee to examine potential redundancies and costs that the new structure would impose on the grid. Operation Fuel requests that the committee modifies the bill to increase their allocation to $5.8 million. This figure would best reflect the demand that Operation Fuel experienced in Fiscal Year 2024.

Kristen Abrahamson, Executive Vice President, Mechanical Contractors Association of Connecticut (MCAC):
MCAC supports efforts to reduce the costs of electric rates, but requests that the committee clarifies the bill to ensure that commercial installation of heat pumps is

limited to only licensed and qualified mechanical contractors participating in a registered apprenticeship program in the state.

Dan Dolan, President, New England Power Generators Association (NEGPA):
NEGPA supports measures to lower electricity affordability and wanted to highlight Section 10 of the bill. NEGPA believes that this section adds too much risk and unpredictability, as consumers could be exposed to more cost increases. Competitive electricity markets have created roughly 10,000 MW of new generation capacity, with many new facilities in Connecticut. These investments benefit the state, without exposing consumers to the risk of cost overruns or poor investment.

Valessa Souter-Kline, Northeast Regional Director, Solar Industries Association (SEIA):
The SEIA commented on a few issues of concern, with the hope that the committee seeks further input from interested stakeholders before the end of session. The SEIA assumes section 1 would eventually be removed from the bill. The bill framing does not specifically reflect the role distributed energy resources will play in the future. The SEIA opposes a differential between peak and off-peak rates in statue but supports exploring Time of Use rates. There is no use in changing the existing Class I framework, as the nuclear industry is not in crisis. The SEIA opposes section 12, as it conflicts with the NRES and RES programs. The SEIA is willing to explore the topics proposed in this bill but hopes the bill will be further fleshed out.

Robert Keen, Retired Power Engineer:
As a retired engineer with experience in regulatory economics and evaluating customer on-site generation and commodity supply, Robert Keen has concerns regarding this bill, and has recommendations for the committee. HP/EV load costs 4.3 times the present load and will double the prices for all. Instead of promoting heat pumps, Keen suggests that the committee should set prices based on cost and informing customers that winter electricity costs are double. Keen suggests that the proposed procurement authority have less technical experts on the board with incentives to promote the costly NetZero solutions, and instead include mostly consumers who are concerned with affordability.

Amanda Trinsey, General Counsel, Connecticut Industrial Energy Consumers (CEIC):
The CEIC suggests amending Section 36 Subdivision (1) of subsection (d) of section 16-245m of the General Statutes. The CEIC also suggests amending subsection 9b) of section 16-245n of the General Statutes. The current approach to funding Connecticut energy policy priorities is that volumetric surcharges used to fund these priorities have a disproportionate impact on large energy users, such as CEIC members. The proposal to substitute the bonding authority for volumetric surcharges would benefit customers. CEIC supports the concept of a revised procurement process, but the current bill as drafted would not be a viable solution. The CEIC is opposed to the proposal of creating an Energy Infrastructure Transition Fund. Without the checks and balances of PURA, utilities would not have appropriate oversight, and this proposal would be a means for utilities to avoid such oversight during the regulatory process of base rate setting. The

CEIC feels that it is counter-intuitive to eliminate one surcharge (the CAM and CEF) to only replace it with a new one. CEIC requests that the committee includes modifications that include their recommendations.

The following individuals also provided general comments on the bill:

Oliwia D. Krupinska, Policy and Regulatory Analyst, Alliance for Climate Transition (ACT)

Jude Malone, Connecticut Beer Wholesalers Association

John Erlingheuser, Senior Director of Advocacy, AARP CT

Reported by: **Date:**