
OLR Bill Analysis

sHB 7087

AN ACT CONCERNING COMMUNITY SOLAR ENERGY GENERATING SYSTEMS.

SUMMARY

This bill requires the Public Utilities Regulatory Authority (PURA) to start a proceeding, by December 1, 2025, to establish a community solar energy generating system (“community solar project”) pilot program. Under the program, electric customers may subscribe to a community solar project and receive credits for a portion of the electricity the system generates. These credits are applied, through virtual net energy metering, toward the subscriber’s account or meter with an electric distribution company (EDC, i.e. Eversource and United Illuminating). The bill specifies that municipal electric utilities and cooperative utilities may participate in the program, but also limits subscriber participation to only EDC customers.

The bill caps the pilot program at 600 megawatts, based on the nameplate capacity of all projects. It also, among other things, establishes processes for a community solar project to sell any excess credits it generates, requires PURA to adopt pilot program regulations (including a tariff structure that provides the retail rate for energy produced under a subscription), and allows a participating community solar project to continue operating as one even after the pilot program ends. (Presumably, the pilot program ends when subscriber organizations claim 600 megawatts in capacity.)

Additionally, the bill establishes a working group to study the pilot program and make recommendations to PURA on whether a permanent program should be established.

EFFECTIVE DATE: October 1, 2025

COMMUNITY SOLAR PROJECT PILOT PROGRAM

Community Solar Energy Generating Projects

Under the bill, a community solar project is a solar photovoltaic system located in ISO-New England territory that may have a connected energy storage system. To qualify, a project must have at least two subscribers.

Through virtual net energy metering, described below, subscribers receive credits on their bills (presumably electric bills) for a portion of the electricity the project generates. (The bill does not specify how EDCs recover their costs for the program.)

A community solar project must have its own electric meter or be connected to two or more subscribers' electric meters. To qualify, a project may not be owned by an EDC and no individual subscriber may constitute more than 60% of the total subscriptions.

EDCs must use the energy a community solar project produces to offset the electricity it purchases from wholesale suppliers for its standard service.

The bill specifies a subscriber organization (the community solar project's owner or a collective group of subscribers) may contract with an outside party to finance, construct, own, or operate a community solar project. It also makes the subscriber organization responsible for paying any costs associated with small generator interconnection standards PURA may adopt or approve.

Notification of Offers

EDCs must place a message on customers' electric bills letting them know how to subscribe to a community solar project and about offers on the Energy Conservation Management Board's website. The bill allows subscriber organizations to submit information, for posting on this website, about potential offers and subscriptions it provides, including any that may be used in combination with other sources' electric supply offers.

Subscribers and Subscriptions

Under the bill, subscribers must be EDC retail customers, but all rate classes are eligible to participate. Subscribers must have at least one individual meter or account to which the subscription can be applied. The bill specifies that electric customers receiving their electric supply through a standard service plan and those receiving it through a third-party supplier may subscribe to the same community solar project.

The bill requires the community solar project's subscriber organization to allocate subscriptions among subscribers.

Virtual Net Energy Metering and Subscriber Credits

Under the bill, virtual net energy metering is measured over a subscriber's billing period and is the difference between the number of kilowatt hours (kWh) that are supplied by the electric company and the number attributable to his or her subscription and fed back to the electric grid. It may also be measured using the difference in electricity value, rather than kWh.

Billing. The subscriber organization calculates the credits owed each subscriber under the bill and the EDC must provide these credits according to a tariff structure in regulations PURA must adopt, as described below. The EDC must additionally offer subscriber organizations a "consolidated billing mechanism," through which the EDC also bills subscribers for charges (or credits) related to the community solar project's operations.

Credit Cap. The bill limits the credits a subscriber may receive. A subscriber may not receive credit for virtual net excess generation (presumably, credit that exceeds usage) that exceeds 200% of the subscriber's baseline annual usage (i.e. the total kWh used over the 12 months before the most recent subscription began or, if the subscriber does not have this record, a 12-month estimate determined in a way that PURA approves).

Sale of Excess and Unsubscribed Energy and Credits

To EDCs. If the community solar project generates kilowatt hours

that are not allocated to any subscriber (i.e. unsubscribed energy), the bill allows the subscriber organization to sell them to an EDC under the company's processes for purchasing the output from qualifying facilities at the amount the energy would cost to procure on the electric market in the state.

The subscriber organization may transfer any unsubscribed or overproduced energy credits to the Connecticut Green Bank as described below.

By Connecticut Green Bank. The bill requires the Connecticut Green Bank, in consultation with the Department of Energy and Environmental Protection (DEEP), to establish and administer a community solar energy credit sale program. Under this program, subscriber organizations may transfer any unsubscribed or overproduced energy credits to the bank, which then owns them until it sells or disposes of them. Under the bill, the bank determines the purchase price of the credits it receives from the subscriber organization. (Presumably this is the price the Green Bank pays the subscriber organization for the credits.) After selling the credits, the bank must remit the proceeds back to the subscriber organization, less an administrative fee the bank sets in consultation with the commissioner.

Pilot Program Termination

The bill specifies that any community solar project or subscriber organization contracts executed during the pilot program are not affected by the program ending. Once the program ends, subscriber organizations may continue operating projects (including accepting subscriptions) that began under the pilot program. Similarly, EDCs must continue to facilitate these projects' operations. They must do so in accordance with the program's requirements and regulations PURA adopts.

PURA Regulations

The bill requires PURA to adopt regulations to implement the pilot program by February 1, 2026. These regulations must establish:

1. consumer protections for electric customers;
2. a tariff structure providing the electric retail rate for the kWh or value produced under a subscriber's subscription;
3. a calculation for virtual net energy metering;
4. a protocol for EDCs, electric suppliers, and subscriber organizations to exchange information about, calculate, and provide monthly bill credits and any yearly net excess generation payments required under the bill (the bill does not define or otherwise reference yearly excess generation payments); and
5. a protocol for subscriber organizations to coordinate with EDCs to interconnect their community solar projects with the distribution grid and start operating the projects.

Once PURA adopts these regulations, subscriber organizations may petition EDCs to coordinate the community solar project's interconnection and the start of its operations. Subscriber organizations must notify each EDC and electric supplier serving its subscribers about the regulations.

PILOT PROGRAM WORKING GROUP

The bill establishes a working group to study the pilot program's value and costs and make recommendations to PURA on whether a permanent program should be established. The PURA chairperson must submit, by January 1, 2028, a report to the Energy and Technology Committee analyzing the working group's findings. The working group terminates on this date or when it submits the report, whichever is later.

Membership and Initial Meeting

The working group members include the following or their designees: the (1) PURA chairperson, (2) DEEP commissioner, and (3) consumer counsel. The PURA chairperson may also appoint any other people she believes may help the working group achieve its purpose.

Initial appointments must be made by July 1, 2026. The PURA

chairperson (or, presumably, her designee if she appoints one in her stead) is the working group's chairperson and must fill vacancies and schedule the first meeting, which must be held by October 1, 2026.

Study Considerations

When conducting the study, the working group must identify and examine:

1. a framework to value the costs and benefits related to community solar and virtual net energy metering;
2. the costs and benefits of community solar projects for participating subscribers and other ratepayers;
3. credit mechanisms and operating structures allowing a project to minimize electric companies', electric suppliers', or subscriber organizations' administrative costs;
4. the benefits and costs, including the technical impact, of community solar projects and virtual net energy metering on EDCs' distribution grids;
5. issues, benefits, and concerns about participating in community solar programs and projects by electric companies (including investor-owned companies) and project owners and operators;
6. the technical impact that virtual net energy metering and these projects have on the distribution system compared to the impact of traditional net energy metering;
7. any impacts the program has on the standard service procurement process;
8. community solar programs and cost-benefit studies in other states;
9. whether and how community solar programs can reduce renewable portfolio standard compliance costs;

10. how community solar projects can impact locational marginal prices in the state;
11. the pilot program's impact on energy costs, including their equitable allocation among ratepayers, and reliability;
12. the pilot program's progress in attracting low- and moderate-income customers and how future project developers can increase their participation;
13. whether community solar energy generating systems provide a net benefit overall in helping the state meet its distributed generation and renewable goals; and
14. any other matters the working group considers relevant and appropriate.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 14 Nay 9 (03/18/2025)