OLR Bill Analysis

sSB 4 (as amended by Senate "A")

AN ACT CONCERNING ENERGY AFFORDABILITY, ACCESS AND ACCOUNTABILITY.

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§ 59 — SOLAR CONSUMER PROTECTION TASK FORCE

Extends the taskforce's reporting deadline by one year and broadens qualifications for one appointed member

SUMMARY

This bill makes wide-ranging changes in laws affecting electric rates, utility regulation, and related state agencies, as described in the section-by-section analysis below.

*Senate Amendment "A" replaces the underlying bill with provisions addressing similar topics (on nuclear construction and site-readiness, demand response solicitations, use of nuclear power purchase agreements for standard service, thermal energy networks, line workers and restoration crew members, and evaluating hardship protections) and adds all other provisions described below.

EFFECTIVE DATE: Various, see below.

§ 1 — BONDING FOR HARDSHIP PROTECTION MEASURES

Authorizes up to $250 million in GO bonds for FYs 26 & 27 to reduce costs of hardship protection measures charged to EDC customers as system benefits charges

The bill authorizes up to $250 million in new general obligation (GO)

bonds ($125 million each in FYs 26 and 27) for the Office of Policy and Management (OPM). OPM must use bond proceeds to reduce, for the average annual cost for years 2016 through 2020 (pre-COVID-19 pandemic years), the cost of hardship protection measures charged to electric distribution company (EDC) customers under the systems benefits charge on their bills. (Hardship protection measures include shut-off protections and other hardship protections like payment programs.) The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

EFFECTIVE DATE: July 1, 2025

Background — Related Bill

sSB 1560 (File 902), favorably reported by the Finance Committee, establishes the Green Bond Fund and requires it to pay public benefits expenses on electric ratepayer bills.

§ 2 — BONDING FOR ELECTRIC VEHICLE CHARGING PROGRAM

Authorizes up to a total of $50 million in GO bonds for FYs 26 & 27 for the EV charging program

The bill authorizes up to $30 million for FY 26 and $20 million for FY 27 in new GO bonds for OPM to fund the electric vehicle (EV) charging program, described below. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

EFFECTIVE DATE: July 1, 2025

Background — Related Bill

sSB 1560 (File 902), favorably reported by the Finance Committee, establishes the Green Bond Fund and requires it to pay public benefits expenses on electric ratepayer bills.

§ 3 — EV CHARGING PROGRAM COST LIMITS

Caps PURA EV charging program expenses at $20 million per year and limits eligibility for residential incentives to customers living in concentrated poverty census tracts or in households with incomes up to 300% FPL

The bill requires the Public Utilities Regulatory Authority (PURA) to limit expenses to $20 million per year for EV charging stations and

customer wiring upgrades in any light-duty EV charging program established in a PURA proceeding. (PURA established an EV charging program in 2021 (Docket 17-12-03RE04).)

The bill requires PURA to further limit expenses for EV charging stations and customer wiring upgrades by limiting eligibility for incentives under residential single-family customer programs to residents who (1) live in a concentrated poverty census tract (a U.S. census tract where at least 30% of households have incomes below the federal poverty level (FPL)) or (2) have incomes at or below 300% of FPL. In 2025, for a household of three, the FPL is $26,650 and 300% of FPL is $79,950.

EFFECTIVE DATE: October 1, 2025

§§ 4 & 5 — SHUT-OFF PROTECTIONS EVALUATION AND NOTICE

Requires PURA to evaluate the winter shut-off moratoria and medical protections; expands the notice telephone companies and telecommunications providers must send before giving customer information to credit agencies

PURA Shut-Off Moratorium Evaluation

The bill requires PURA to evaluate (1) the winter shutoff moratoria duration and (2) criteria and standards for appropriate termination and disconnection protections for medically protected gas and EDC customers. PURA must open an uncontested proceeding or amend the notice of an active proceeding by July 1, 2025, to do so. By law, from November 1 to May 1, the winter shut-off moratorium prohibits EDCs, electric suppliers, and municipal utilities from terminating, denying, or refusing to reinstate residential electric service in hardship cases where the customer lacks the financial resources to pay the entire account.

The bill requires the evaluation to address at least the following:

1. definitions of "serious illness or life-threatening medical condition," including whether and how mental health conditions should be included (in consultation with the probate court administrator), and recommendations for revisions considering ratepayer costs and laws and regulations adopted in similar jurisdictions;

2. current protections for customers with a serious illness or life-threatening medical condition, including recommendations on capping the duration and the standards to condition protections on ability to pay;

3. additional shutoff notice requirements;

4. current procedures, practices, and relevant processes to verify hardship status and medical protections;

5. the impact of limits on medically protected customer service terminations and disconnections on all other ratepayers;

6. a requirement for a medical hardship protection customer to enroll in a payment plan; and

7. standards to ensure that electric or gas companies have in good faith attempted to secure payment from medically protected customers by reasonable means other than terminations, and that adequate notice is given to the customer before termination.

The bill requires the PURA chairperson to report a summary of the proceeding's results and any recommendations evaluated in the proceeding to the Energy and Technology Committee by March 16, 2026.

Telephone and Telecommunications Notices on Debt Collection

Under certain circumstances, existing law allows telephone companies and certified telecommunications providers to submit information to credit rating agencies about a customer's nonpayment. Companies must notify the customer by first class mail at least 30 days before submitting the information to a credit rating agency. The bill requires the notice to also state that the company supplies payment information to debt collection agencies, as authorized by law.

EFFECTIVE DATE: Upon passage, except the provision on the notice for telephone and telecommunications customers is effective October 1, 2025.

§ 6 — PURA STUDY OF RENEWABLE TARIFFS

Expands the scope of the study PURA must do on renewable energy tariff programs and delays the reporting requirement

An existing law requires the PURA chairperson to study renewable energy tariff programs, including examining potential processes to avoid stranded projects and potential successor programs. As part of this study, the bill requires her to also examine:

1. a framework to encourage the aggregation of distributed energy resources that can respond and provide grid and retail market services;

2. different compensation structures to encourage deployment in areas where the grid is underutilized;

3. how nonparticipating electric customers may be impacted by renewable energy tariff programs;

4. strategies for minimizing unintentionally duplicative incentives or subsidies between participating and nonparticipating electric customers; and

5. the costs and benefits of the renewable energy tariff programs and methods to maximize benefits to nonparticipating customers (e.g., reducing electric system distribution congestion).

The chairperson must submit the study's results, including any recommendations, to the Energy and Technology Committee. Under current law, it is due by January 15, 2026. The bill delays the reporting deadline to March 1, 2026.

EFFECTIVE DATE: Upon passage

§§ 7 & 8 — LOW-INCOME DISCOUNT RATE: COST CONTAINMENT & STUDY

Requires PURA to (1) implement certain cost containment measures when setting low-income rates and (2) submit a report on the measures' effectiveness and low-income rates

Cost Containment

The bill establishes cost containment measures that PURA must

implement when setting low-income rates in certain rate cases and other proceedings. These measures include:

1. a usage cap for customers receiving a low-income discount rate (based on monthly kilowatt hours for EDC customers, monthly centum cubic feet for gas company customers, and gallons for water company customers);

2. a PURA review that is triggered if an EDC's, gas company's, or water company's total costs to fund the low-income rate exceed a certain percentage of its annual billed total revenues; and

3. a recertification process to confirm, at least every 12 months, income eligibility and appropriate tier placement.

Under the bill, these cost containment measures must be applied to low-income rates set in (1) rate cases or other proceedings initiated on or after October 1, 2025, and (2) pending cases for which a final decision has not been issued by November 1, 2025.

PURA Report on Low-Income Rates and Containment Measures

The bill requires the PURA chairperson to report on (1) low-income rates implemented from January 1, 2024, to December 31, 2028. The report must include a review of the low-income rate program, including the effectiveness of cost-containment measures and the effectiveness of the low-income rate in reducing uncollectibles and encouraging bill payments. The chairperson must submit the report to the Energy and Technology Committee by November 15, 2029.

EFFECTIVE DATE: July 1, 2025, except the provision requiring the report is effective upon passage.

§ 9 — RENEWABLE ENERGY TARIFFS

Limits NRES, RRES, and SCEF programs to zero-emissions projects and requires PURA to add a nonbypassable charge of at least 3.25 cents to the RRES tariff

The bill makes (1) Class I low-emissions projects (e.g., fuel cells) and anaerobic digestion facilities ineligible for the Non-Residential Renewable Energy Solutions (NRES) program and (2) conforming

changes to eliminate the 10 megawatt (MW) cap for low-emissions NRES projects for procurements and tariff years starting after January 1, 2025.

It similarly requires that eligible Residential Renewable Energy Solutions (RRES) projects and, starting after January 1, 2026, eligible Shared Clean Energy Facility (SCEF) projects, emit no pollutants.

For rates offered on and after January 1, 2026, the bill also requires PURA to (1) establish a nonbypassable charge of at least 3.25 cents as part of the RRES netting tariff and (2) adjust the offered buy-all tariff rates so they are substantially similar. (Broadly, the netting incentive structure generally compensates customers through on-bill credits, at rates that may fluctuate, for energy they generate but do not use. Under the buy-all structure, the EDCs purchase all energy a project generates at a locked-in rate for 20 years.)

EFFECTIVE DATE: October 1, 2025

Background — Related Bill

sSB 1560 (File 902), favorably reported by the Finance Committee, requires that credits for energy produced but not consumed under tariffs be applied only to supply costs.

§§ 10-16 — SECURITIZATION OF FINANCED UTILITY SERVICES

Authorizes securitization for "financed utility services," capped at $2.2 billion in the aggregate and secured by the competitive transition assessment

The bill authorizes the issuance of bonds backed by EDC revenues, using a process called securitization, to pay for certain costs ("financed utility services"). The bonds are issued through the state but are not state bond obligations. The law initially authorized securitization under the 1998 restructuring law that required electric utilities to divest their generation. Under that law, securitization allowed electric companies to recover their stranded costs associated with restructuring. It allowed for the issuance of "rate reduction bonds," backed by a charge on ratepayer bills (the competitive transition assessment (CTA)).

Under the bill, the issuance of rate reduction bonds for financed

utility services must follow procedures similar to those applied to the issuance of rate reduction bonds to pay off the utilities' stranded costs, as further explained below. The bill also makes minor, technical, and conforming changes, including eliminating deadlines set for previous securitization authorizations.

Financed Utility Services

Under the bill, "financed utility services" are certain costs as determined by PURA under principles set in laws on rate determinations and PURA orders on reasonably necessary repairs or alterations to utility facilities or changes in utility operations. Specifically, "financed utility services" include:

1. costs an EDC prudently and efficiently incurred between January 1, 2018, through January 1, 2025, to prepare for and restore power to customers after storms;

2. costs an EDC prudently and efficiently incurs, or reasonably expects to incur, after January 1, 2025, for any accelerated initial procurement, installation, and operational deployment of advanced metering infrastructure (AMI) to replace existing traditional non-interval metering infrastructure used by its customers (including any reasonable fees, expenses, and transaction costs related to issuing, servicing, retiring, or refinancing rate reduction bonds);

3. the unrecovered balance, including stranded costs, of legacy infrastructure being replaced as part of AMI deployment; and

4. any reasonable fees, expenses, and transaction costs incurred in connection with issuing, servicing, retiring, or refinancing rate reduction bonds issued to finance these costs.

Under the bill, AMI is an integrated system of metering equipment, two-way communications networks, and information management systems, including billing and customer information systems, used by an EDC to collect and transmit interval or real-time data on a customer's energy consumption. The AMI costs eligible for inclusion as financed

utility services include capital expenses and one-time non-capital operating expenses to encourage customers to adopt AMI (e.g., information, customer education, or licenses, fees, training, and other necessary costs).

PURA Determination and Financing Order

The bill allows PURA to determine, at its sole discretion, that issuing rate reduction bonds is in ratepayers' best interests. PURA may do so in response to a petition from an EDC or on its own motion.

The bill also allows EDCs to petition PURA for a financing order for financed utility services that PURA has determined in a separate proceeding to be appropriate for cost recovery under certain statutory rate-making standards. PURA must (1) respond to the EDC's petition within 120 days after receiving it and (2) hold a contested case hearing to determine the portion of financed utility services that may be included in this funding and constitute transition property (see below).

The bill requires the financing entity (the state, acting through the state treasurer, any entity it authorizes, or any entity PURA authorizes under a financing order) to issue rate reduction bonds when PURA issues a financing order that specifies the appropriate amount, rates, and terms of the rate reduction bond issuance. The bill limits the aggregate principal amount of rate reduction bonds to $2.2 billion.

The bill allows PURA to issue financing orders to provide, recover, finance, or refinance financed utility services. Under current law, with one exception, PURA may only adopt a financing order if an EDC applies for one. The bill additionally allows PURA to adopt a financing order on its own motion. Under existing law, the financing order only takes effect after the EDC files with PURA its written consent to all the financing order's terms and conditions.

CTA Determination

The bill requires rate reduction bond costs (including all principal, interest, premium, costs, and arrearages) to be recovered through the CTA, subject to a reconciliation process. Specifically, once rate reduction

bonds are issued to recover any financed utility services, PURA must periodically adjust the CTA to allow recovery of bond costs, including a reconciliation of the actual revenues from the CTA to the actual costs of the bonds.

The bill generally requires excess amounts generated by the bonds to be returned to ratepayers under certain circumstances. More specifically, if the proceeds used to purchase transition property (i.e. the CTA) for rate reduction bonds to deploy AMI exceed amounts the EDCs prudently and efficiently incurred to deploy AMI, as determined by PURA under certain rate-making standards, the total costs of rate reduction bonds resulting from the excess amount must be returned to ratepayers, with interest, in a way PURA determines (e.g., by decreasing another nonbypassable rate EDCs charge proportionately to account for the decrease, or through the revenue decoupling mechanism line item). The bill prohibits decreasing the CTA in connection with this reconciliation.

The bill also requires the net benefits of accumulated deferred income taxes for amounts recovered through rate reduction bonds for financed utility services to be credited to EDC customers by reducing the amount of bonds that would otherwise be issued by the net present value of the related tax cash flows, using a discount rate equal to the bonds' expected interest rate.

The bill requires PURA, upon an EDC's application, to identify and calculate financed utility services that may be collected through the CTA. PURA must assess and impose the CTA on all EDC customers and hold a contested case hearing to determine the CTA amount.

Under the bill, PURA must set the CTA in an amount sufficient to pay for:

1. rate reduction bond principal, interest, and any credit enhancement or premium when they are due;

2. all reasonable and necessary financing expenses; and

3. EDC financed utility services that are not funded with rate reduction bond proceeds.

The bill requires the CTA to be charged to all customers until the (1) rate reduction bonds are paid in full, including all principal, interest, premium, costs, and arrearages on the bonds, and (2) EDC fully recovers financed utility services that are not funded with bond proceeds. The bill allows PURA, through a financing order, to distinguish between rates and charges on customer bills for financed utility services and those associated with previous securitization authorizations, to facilitate successful sale and issuance of rate reduction bonds.

Transition Property and CTA Adjustments

By law, the right to receive the CTA proceeds used to cover costs eligible for securitization is called "transition property," which belongs to the EDC. Under the bill, transition property for financed utility services vests solely in the applicable EDC immediately upon its creation (generally, when the financing order takes effect).

Existing law makes financing orders and the CTA irrevocable. The bill additionally specifies that transition property is irrevocable and prohibits PURA from (1) revaluing or revising the financed utility services for ratemaking purposes or costs to provide, recover, finance or refinance these services or (2) determining that the CTA is unjust or unreasonable or otherwise reducing its value.

The bill requires PURA to approve CTA adjustments as needed to ensure timely recovery of financed utility services and related costs. The financing order must include a procedure to approve timely adjustments to the CTA by annually determining whether adjustments are needed and for adjustments to be approved within 90 days after filing them, or sooner as required under the financing order.

Rate Reduction Bonds and State Pledge

Rate reduction bonds are bonds, notes, or other financial instruments secured by transition property. The bill expands the type of costs rate reduction bond proceeds may cover to include financed utility services.

By law, bond proceeds must be used for the purposes PURA approves in the financing order, including retiring or refinancing debt. Proceeds may not be used to buy generation assets, buy back stock, or pay operating costs (other than taxes on the proceeds). Current law also prohibits using proceeds to pay dividends to shareholders. Under the bill, this prohibition applies specifically to parent company shareholders. Existing law allows rate reduction bonds to be refunded by other rate reduction bonds.

The bill also makes conforming changes, including eliminating requirements that rate reduction bonds mature by December 31, 2011, and that PURA's authority to issue them expire by December 31, 2008. The bill specifies that the 2012 expiration of PURA's authority to issue financing orders for economic recovery revenue bonds (a bond authorized under a previous securitization law) has no effect on other financing orders, transition property, or authorized charges, or PURA's authority to monitor, supervise, or act on financing orders.

By law, the bonds and the financing order are not state debt, and the bonds must say this on their face. They do not count toward the state's debt limits. They do not make the state or municipalities contingently liable.

By law, the state pledges with the bondholders and transition property owners that it will not alter the CTA, transition property, and financing orders, until its obligations have been met. The bill extends this provision by pledging that state agencies will not alter the CTA, transition property, and financing orders, until the state's obligations have been met. By law, the parties involved in the securitization process are exempt from taxes on the relevant property or revenue, and for state income tax purposes, the bonds are treated as if a public body had issued them.

Subsequent Rate Determinations

Existing law prohibits PURA from including any rate reduction bonds as EDC debt in any way that would impact the company for rate-making purposes. The bill also prohibits EDCs from including transition

property when calculating any rate base.

EFFECTIVE DATE: July 1, 2025

Background — Related Bill

SB 1560 (File 902), favorably reported by the Finance Committee, includes provisions authorizing securitization for storm costs.

§ 17 — PROGRAM ADMINISTRATION

Allows PURA to select third parties to administer clean energy or renewable energy programs it establishes in a proceeding

The bill supersedes current law and allows PURA to select the Green Bank, the Department of Energy and Environmental Protection (DEEP), an EDC, a third party that PURA deems appropriate, or any combination of these entities, to administer any ratepayer-funded clean energy or renewable energy program PURA establishes in a proceeding. Existing law similarly allows PURA to do this for NRES, RRES, SCEF, and EV charging programs (CGS § 16-244dd).

Any selection PURA makes under the bill must be based on its analysis of evidence recorded in an uncontested proceeding that shows the selected entity's qualifications and experience administering the program or a comparable one, projected cost savings, potential administrative efficiencies, and the impact on customer experience.

EFFECTIVE DATE: October 1, 2025

§ 18 — PUBLIC BENEFITS CHARGE STUDY

Requires OCC to study public benefits line items and report to the Energy and Technology Committee by October 1, 2026

The bill requires the Office of Consumer Counsel (OCC) to study line items under the combined public benefits charge on EDC customer bills. The office must conduct this study in consultation with PURA and DEEP, and the study must examine the enabling authority to impose each line item and its purpose, costs, and benefits. OCC must report its findings to the Energy and Technology Committee by October 1, 2026.

EFFECTIVE DATE: Upon passage

§§ 19 & 20 — TIME-VARYING RATES

Establishes requirements for time-varying rates and requires EDCs to apply to PURA by October 1, 2027, to implement them

By October 1, 2027, the bill requires (1) EDCs to apply to PURA to implement time-varying rates for residential, commercial, and industrial customers and (2) PURA to open a docket to evaluate EDC applications to implement time-varying rates for residential and commercial customers. A time-varying rate is an electric rate designed to (1) reflect the utility's cost to provide electricity to the customer at different times and (2) create a price differential that incentivizes targeted electric load growth and system efficiency. Time-varying rates may include critical peak pricing, which is pricing for a period when system costs are highest or when the power grid is severely stressed and customers may pay higher prices as a result.

EDC Proposal Requirements

Under the bill, any time-varying rate proposals an EDC submits for retail rate components must:

1. include fixed rates across 24-hour cycles within each season,
2. be based on projected seasonal demand and include on-peak rates, and
3. adequately incentivize cost-effective load shifting to off-peak periods by applying an appropriate price differential between on-peak and off-peak rates.

"On-peak" is a period likely to capture ISO-New England and electric distribution system peaks or to encourage the cost-effective shifting of load to maximize grid efficiency, as PURA determines. The bill requires the rate design, including the price differential between on-peak and off-peak rates, to be consistent with empirical research conducted by EDCs and other rate design experts.

Under the bill, if an EDC's time-varying rate proposal includes a seasonal rate component, the EDC must submit the following information:

1. any proposed differentiation of generation, transmission, and distribution energy and demand rates into summer and non-summer months and, if cost differences between those periods are substantial, into winter and shoulder month periods, considering projected customer acceptance and use of the rates, and

2. the appropriate phase-in period for customers to adjust to seasonal rates without experiencing a sudden, significant increase in electricity prices.

The bill requires EDC time-varying rate applications to propose to establish the rates through an approved revenue recovery mechanism for transmission and distribution rates. They must also establish a revenue reconciliation mechanism to recover or refund any revenue under- or over-collected through a subsequent billing reconciliation adjustment.

The bill requires an EDC's proposed time-varying rates to be designed as default rates, considering gradualism and customer acceptance principles and established exceptions as PURA deems appropriate (e.g., for medically protected customers and hardship customers). EDC applications must:

1. propose a comprehensive customer education proposal (see below),

2. have a clearly defined opt-out process, and

3. give due consideration to how time-varying rate designs interact with existing and foreseeable low-income rates and programs.

PURA Responsibilities

The bill requires PURA to evaluate whether it is appropriate to implement time-varying rates upon an EDC's application for a proposed time-varying rate. Under the bill, time-varying rates are deemed appropriate if they are in ratepayers' best interest. PURA must consider:

1. if the rate's benefits exceed the cost of implementing it, including any capital investments needed to implement the rate;

2. if implementation would encourage energy conservation or optimal and efficient use of facilities and resources by an electric utility;

3. equitable rates for electric consumers approved by PURA; and

4. any other considerations PURA deems appropriate.

The bill allows PURA to implement time-varying rates after public notice and a hearing, which may be part of a rate case. It also requires PURA to hold a contested case hearing to approve, reject, or modify an EDC's application. The bill allows PURA to approve time-varying rates only if:

1. they reasonably reflect the cost of service during their respective time-varying periods;

2. implementation costs, customer impacts, and benefits to the utility system justify implementing them; and

3. they are expected to alter patterns of customer electricity consumption without undue adverse effect on the customer.

EFFECTIVE DATE: July 1, 2025

Background — Related Bill

sSB 1560 (File 902), favorably reported by the Finance Committee, requires PURA to implement time-of-use rates and requires EDCs to offer time-of-use pricing options.

§ 21 — CUSTOMER EDUCATION AND ENGAGEMENT PROGRAM

Requires EDCs to design a customer education and engagement program on time-varying rates and implement it upon PURA's approval

The bill requires each EDC to design a comprehensive customer education and engagement program to inform EDC customers about the benefits of time-varying rates and encourage them to use the rates and

any available technology that enables customer cost savings when on time-varying rates. The EDCs must design their program in consultation with OCC and the DEEP commissioner. The program design must include:

1. approved customer outreach methods and education and outreach methods, including strategies to maximize customer cost savings;

2. objective performance standards for program implementation; and

3. mandatory reporting requirements for EDCs on their compliance with program requirements, including submitting data and information as PURA requires.

The bill requires an EDC, as part of any rate case started on or after July 1, 2025, to submit a detailed proposal (or an update to a previously submitted proposal) to develop the customer education and engagement program. The bill requires EDCs to administer the program once PURA approves it.

EFFECTIVE DATE: October 1, 2025

Background — Related Bill

sSB 1560 (File 902), favorably reported by the Finance Committee, requires EDCs to plan to deploy AMI and makes cost recovery contingent on compliance with customer education requirements.

§ 22 — EMERGENCY SERVICE RESTORATION PLANNING COMMITTEES

Requires EDCs to establish planning committees that include line and restoration crew members to prepare the emergency service restoration plans that EDCs must file every two years; expands the types of emergencies covered by the plans to include wildfires

Under existing law, EDCs and certain other public service companies must file biennial post-emergency service restoration plans with the Department of Emergency Services and Public Protection (DESPP), PURA, and municipalities in their service areas. The bill expands what constitutes an emergency, for which they must plan, to include

wildfires. It also requires EDCs to establish an emergency service restoration planning committee.

Separately, but relatedly, the bill requires collective bargaining units and companies to jointly develop any training and skills job progression plans, or other comparable documents, if line and restoration crew members belong to a collective bargaining unit.

Committee Members and Procedures

Under the bill, at least half of the planning committee's members must be line and restoration crew member employees, selected through a process they determine or by their collective bargaining unit if they are members of one. The company appoints the other committee members. The committee must have two co-chairpersons, one who is a line or restoration crew employee elected by these committee members and one elected by the other committee members.

The bill specifies that a majority of committee members constitute a quorum and a majority vote of members present at a meeting is required to make committee decisions. It requires the committee to make written summaries of each meeting and, upon request, give them to employees, DESPP, and PURA.

Plan Contents

Existing law specifies what measures must be included in the plan, including communication and coordination with state and local officials and participation in training exercises. The bill requires the plan to also include (1) measures to protect the health and safety of line and restoration crews during an emergency and when restoring services (e.g., by providing appropriate personal protective equipment or measures required in a collective bargaining agreement or applicable health and safety policies) and (2) references to any applicable documents (e.g., collective bargaining agreements describing any applicable training and skills job progression plan).

If an emergency interrupts service to 30% or more of a company's customers, the bill also requires the committee to meet within 60 days

after the emergency to review how the plan was implemented and incorporate any feedback into the plan.

EFFECTIVE DATE: October 1, 2025

§§ 23 & 24 — EMERGENCY RESTORATION AND CREW MEMBER SAFETY

Prohibits EDCs from requiring line and restoration crew members to work in unsafe conditions and prohibits punishing an employee for causing the company to miss certain service restoration deadlines after emergencies; expands the types of emergencies subject to these deadlines to include wildfires

Existing law (1) requires EDCs to make certain payments to residential customers for prolonged outages after an emergency (e.g., a storm, flood, or earthquake) and (2) prohibits them from recovering these costs through rates. Specifically, it requires EDCs to give a (1) $25 credit for each day an outage occurs for more than 96 consecutive hours after an emergency and (2) $250 payment for food or medication that spoils due to an outage lasting more than 96 consecutive hours after an emergency.

The bill (1) expands the types of emergencies covered by these provisions to include wildfires and (2) prohibits EDCs from requiring line and restoration crew members to work in unsafe conditions to avoid making these credits and payments. The bill prohibits EDCs from disciplining, terminating, or punishing them or withholding their wages solely on the basis that the employee caused the company to fail to restore a distribution system outage within 96 hours.

EFFECTIVE DATE: October 1, 2025

§§ 25 & 26 — GRID ENHANCING TECHNOLOGIES (GETS)

Requires EDCs and transmission owners to include project alternatives in Siting Council proceedings for certain transmission projects; expands forecasted loads and resources reporting; allows DEEP and OCC to evaluate proposed projects; requires EDCs to report to PURA on deployment of GETs and other technologies in certain PURA proceedings

Project Alternatives

The bill requires EDCs and transmission owners to submit at least one project alternative to the Siting Council when seeking to construct or materially modify transmission lines, substations, and switchyards

that are subject to the council's jurisdiction (see *Background – Siting Council Jurisdiction*). A material modification is one with an estimated cost of at least $25 million, excluding construction activities related to a disruptive emergency condition or other unplanned loss of an essential asset function that requires immediate rectification.

The project alternative must use (1) an advanced conductor (unless the primary proposed project incorporates one) and (2) grid-enhancing technology or nontransmission alternative technology. An "advanced conductor" is any conductor material, design, or technology that (1) improves electrical conductor performance compared to traditional aluminum-conductor steel-reinforced cable and (2) optimizes attributes (e.g., current carrying capacity, thermal performance, weight, sag, durability, corrosion resistance, and efficiency) using materials like high-conductivity alloys and conductor designs like trapezoidal designs.

"Grid-enhancing technology" is any hardware or software that increases the electric distribution or transmission system's capacity, performance, or efficiency. GETs include at least the following technologies:

1. "dynamic line rating," which is any hardware or software used to update the calculated thermal limits of existing distribution or transmission lines based on real-time and forecasted weather conditions;

2. "advanced power flow control," which is any hardware or software used to push or pull electric power in a way that balances electric lines that are either exceeding capacity or are underutilized;

3. "topology optimization," which is any hardware or software that identifies reconfigurations of the state's distribution or transmission grid to enable routing power flows around congested or overloaded electric grid elements; and

4. energy storage (e.g., a battery).

A "nontransmission alternative" is an electric grid investment or project that uses nontraditional transmission and distribution solutions (e.g., distributed generation, energy storage, energy efficiency demand response, and grid software controls) to defer or replace the need for specific equipment upgrades by reducing electric load at a substation or circuit level.

If the EDC or transmission owner does not prefer the project alternative, the company must include with its Siting Council application a detailed, written explanation comparing the project alternative's cost-effectiveness and appropriateness with that of the company's preferred project.

The bill requires the Siting Council to give preference to a project alternative if the council determines that it:

1. is at least as cost effective as the company's preferred project,

2. provides the same or increased electric system reliability benefits to solve the identified need compared to the preferred project, and

3. has similar environmental and community impacts as the preferred project.

Waivers From Project Alternative Requirements

The bill allows EDCs to seek a waiver of the bill's requirement to submit these project alternatives. EDCs are eligible for a waiver if:

1. using advanced conductors, GETs, or nontransmission alternatives is impossible or impracticable to solve an identified need;

2. the proposed project is subject to a regional transmission planning process approved by the Federal Energy Regulatory Commission (FERC) that adequately considers implementing these technologies; or

3. the DEEP commissioner and OCC have evaluated the project (see

below).

To apply for a waiver, companies must apply to the DEEP commissioner as she prescribes. The waiver application must specify which of the above circumstances makes the company eligible for waiver.

The bill allows the DEEP commissioner, after consulting with OCC, to waive the requirement to submit project alternatives to the Siting Council. The commissioner must accept or deny waiver applications within 60 days after receiving them or they are deemed approved.

The bill also allows EDCs to request a revocable general waiver of the bill's requirements on project alternatives for any projects subject to a FERC-approved regional transmission planning or review process that adequately considers advanced conductors, GETs, or nontransmission alternative technologies. DEEP must accept or deny a wavier application within 60 days after receiving it.

Forecast of Loads and Resources Report

Existing law requires EDCs and transmission services providers (among others) to report a forecast of loads and resources to the Siting Council annually by March 1. The bill requires EDCs and transmission owners to additionally include the following information in that report:

1. a schedule of any planned construction or material modification of transmission lines, substations, and switchyards under the council's jurisdiction for the next 10 years, including a description and, if available, the need for and scope of the project, cost estimates, and how advanced conductors, GETs, and nontransmission alternatives may be considered to address the identified need, and any other information reasonably requested by DEEP or the OCC on projects in the report;

2. data on the company's construction or material modification of these facilities in the previous year, including the project's final costs and estimated costs at each relevant design stage;

3. the facility's original estimated in-service date; and

4. any other information OCC or the DEEP commissioner reasonably request on projects disclosed in the report.

For the first forecast of loads and resources report submitted after October 1, 2025, the bill requires the companies to submit the data on construction or material modification of these facilities described above for any facility placed in service on or after January 1, 2022. If the information is unavailable, the EDC must notify the DEEP commissioner and OCC and reach a resolution acceptable to each party on the information request.

Project Evaluations

Under the bill, within 180 days after any annual loads and resources report filing described above, the DEEP commissioner, in consultation with OCC, must determine whether any facility listed for construction or material modification requires further evaluation and notify the EDC. In making her determination, the commissioner must consider at least the following factors:

1. whether the proposed facility is subject to a regional independent system operator's (e.g., ISO-New England) transmission planning or review process or a substantially similar process;

2. the underlying facility's age or condition;

3. the proposed project's scope and estimated costs;

4. whether the proposed project responds to needs identified through the regional transmission system operator's proactive transmission planning; and

5. whether and how advanced conductors, GETs, and nontransmission alternatives are proposed to be used in the project, may reduce environmental or aesthetic impacts, and can feasibly, in part or entirely, solve the EDC's identified need.

Before determining that a project requires further evaluation, the

DEEP commissioner and OCC must give the EDC an opportunity to produce evidence that the project requires no further evaluation. If the commissioner and OCC conduct an evaluation, they must notify the EDC and evaluate a proposed project based on the following factors:

1. the reasonableness of the need the EDC identified to justify the proposed facility;

2. the reasonableness of the project's proposed scope, including the timing of proposed investments;

3. whether the EDC's proposed solution is the most cost-effective solution to the identified need or whether alternative solutions could more cost-effectively provide the same or increased reliability benefits to partially or fully resolve the identified need;

4. costs of the proposed project and potential alternatives identified as part of the evaluation;

5. whether the proposed project could be modified to account for variables (e.g., future demand growth) in a cost-effective way that could mitigate the need for construction activities on the same facility before the end of its useful life; and

6. any other factors the DEEP commissioner or OCC reasonably determine are necessary to evaluate a specific project.

The bill requires each company to provide data, communications, and information the DEEP commissioner or OCC requests in connection with any evaluation, subject to DEEP's general enforcement powers. The bill requires responses to be shared with both DEEP and OCC.

The bill requires the DEEP commissioner and OCC to meet with each EDC at least twice per year to discuss and receive input on any facilities currently under evaluation. The commissioner and OCC must also jointly report annually on the evaluation factors described above. The bill requires the DEEP commissioner and OCC to complete any evaluation and draft report on an evaluation and share them with the EDC within 90 days after the EDC files an application or petition with

the Siting Council, so long as the EDC informs DEEP and OCC about the anticipated filing date at least 12 months in advance.

The bill requires the DEEP commissioner to file any final report on a project evaluation in the relevant Siting Council proceeding. The council must give appropriate consideration to DEEP's report when making a determination on the proposed project.

Waivers for Project Evaluation Requirements

The bill allows the EDCs to request a revocable general waiver of the bill's project evaluation requirements from the DEEP commissioner for any projects subject to a FERC-approved regional transmission planning or review process. The bill requires the DEEP commissioner to accept or deny a waiver application within 60 days after receiving it.

Compliance Report

The bill requires EDCs and transmission owners to report to PURA every five years, starting by January 1, 2027, on their compliance with the bill's requirements on project alternatives and evaluations. PURA must send a copy of the report to the regional independent system operator and the Energy and Technology Committee.

Confidentiality and Freedom of Information Act Exemption

The bill requires the DEEP commissioner and OCC to protect any proprietary commercial or financial information an EDC or transmission owner provides under the bill's requirements on project alternatives and evaluations. It makes this information confidential and exempts it from public disclosure under the state's freedom of information laws.

EDC Report in PURA Proceedings

The bill requires EDCs to submit a report to PURA in any base rate or capital improvement proceeding. The report must analyze the cost effectiveness of deploying advanced conductors, GETs, energy storage, or other non-wire alternatives relevant to the company's operations or capital investments, and give a projected timetable for deploying these technologies. The report must at least include proposed performance

incentive mechanisms for cost-effective deployment of these technologies. The bill allows PURA to approve deploying these technologies, with or without performance mechanisms, if PURA deems them cost effective.

EFFECTIVE DATE: October 1, 2025

Background — Siting Council Jurisdiction

By law, the Siting Council has jurisdiction over siting various types of facilities, including (1) electric transmission lines of at least 69 kilovolts and associated equipment and (2) any electric substation or switchyard designed to change or regulate voltage of at least 69 kilovolts to connect at least two electric circuits and other facilities that the council may prescribe by regulation (CGS § 16-50i(a)). The law excludes transmission line taps from the council's jurisdiction, which are electrical transmission lines that do not have a substantial adverse environmental effect as determined by the council (CGS § 16-50i(e)).

Background — Related Bill

sHB 7017 (File 556), favorably reported by the Energy and Technology Committee, similarly requires EDCs to submit project alternatives when constructing or materially modifying transmission lines, substations, and switchyards.

§ 27 — DEEP, PURA, AND OCC CONSULTANTS

Allows DEEP, PURA, and OCC to independently retain consultants for proceedings and negotiations with certain federal agencies

The bill broadens authorizations for DEEP, PURA, and OCC to retain consultants. Current law allows (1) DEEP, in consultation with PURA and OCC, to retain consultants for proceedings or negotiations with various federal agencies and (2) PURA, in consultation with OCC, to retain consultants for proceedings or negotiations with the Federal Communications Commission (FCC).

The bill instead (1) allows DEEP, PURA, and OCC to respectively retain consultants for proceedings or negotiations with various federal agencies and (2) removes any requirement that they consult with each other to do so. The provision applies for proceedings and negotiations

with the same federal agencies that DEEP may retain consultants for under current law: FERC; U.S. Department of Energy; U.S. Nuclear Regulatory Commission; U.S. Securities and Exchange Commission; Federal Trade Commission; FCC; or U.S. Department of Justice.

Existing law requires reasonable and proper expenses for consultants to be paid by the regulated companies affected by the proceeding (e.g., EDCs, telecommunication providers, and electric suppliers), as determined by PURA. The law caps these expenses at $2.5 million per calendar year, unless PURA finds good cause to exceed the limit. PURA must recognize these expenses as proper business expenses for purposes of ratemaking.

Background — Related Bill

sHB 7017 (File 556), favorably reported by the Energy and Technology Committee contains a similar provision.

EFFECTIVE DATE: October 1, 2025

§ 28 — ISO-NE PARTICIPATION

Requires EDCs that own or control certain transmission facilities in the state to be ISO-NE participants

The bill prohibits EDCs from owning or controlling certain transmission facilities in the state unless the EDC participates in the regional independent system operator (ISO-NE). In practice, the state's EDCs are currently members of ISO-NE (see *Background — Incentive to Join a Transmission Organization*). The bill's prohibition applies to certain transmission lines, electric substations, or switchyards.

EFFECTIVE DATE: Upon passage

Background — Incentive to Join a Transmission Organization

As an incentive to join a transmission organization (such as ISO-NE), FERC allows utilities that join to charge higher rates in the form of an "adder." FERC Order No. 679, which authorizes this adder, explains that it is provided because membership in a transmission organization is generally voluntary. In states that require transmission organizations be members, FERC has declined to allow the organizations to charge a

higher rate because their membership is not voluntary.

§ 29 — ISO-NE MEETING VOTES

Requires EDCs to annually report to PURA each recorded vote they and their corporate affiliates cast in ISO-NE meetings during the prior year

The bill requires each EDC to annually submit a report, by February 1, to PURA on each recorded vote it, or a corporate affiliate, cast at an ISO-NE meeting during the prior calendar year. The EDCs must do so for votes tabulated (either individually or as part of a sector) for any purpose, regardless of the voter's decision-making authority or if a vote was the voter's final position.

The report must include (1) the EDC's recorded votes, even if not otherwise disclosed; (2) any recorded votes the EDC's corporate affiliate cast if the EDC itself did not vote on a matter; and (3) a brief explanation of how each vote cast was in the public's interest, as determined by the EDC.

EFFECTIVE DATE: October 1, 2025

§ 30 — ZERO-CARBON PROCUREMENTS AND STANDARD SERVICE

Allows EDCs to use nuclear energy or related products purchased under the prior zero-carbon procurement to provide standard service; creates an exception to the limit on the length of certain zero-carbon procurement contracts

The bill allows EDCs to use energy or related products (or a combination of them) purchased from a nuclear power generation facility under the previous zero-carbon procurement to provide standard service. To do so, the EDC must consult with PURA's procurement manager and OCC and determine that it is in the best interest of standard service customers.

Existing law required DEEP and PURA to issue a solicitation for zero-carbon electricity-generating resources and to direct the EDCs to enter agreements with selected entities to purchase energy, capacity, and other environmental attributes (see *Background — Zero-Carbon Procurement*). Under the existing law, any agreements with a hydropower or a nuclear power generation facility must be for at least three, but not more than 10, years. The bill additionally allows EDCs to

enter these contracts for a term that at least one other state has entered into, if it is in the best interest of ratepayers.

Standard Service

Standard service is the energy supply sold to electric customers who do not choose to buy electricity through a third-party energy supplier. The EDCs buy electricity and other products to serve these customers through a process overseen by PURA's procurement manager, OCC, and other parties.

The bill allows EDCs, in consultation with the procurement manager and OCC, to elect to use any portion of the energy, capacity, and other energy products the company purchases from a nuclear power generating facility under an agreement approved under the previous zero-carbon procurement (see *Background*).

EDCs that choose to do this must consult with PURA and OCC and specify:

1. the quantity of energy, capacity, or other energy products that the company will use for standard service;

2. the time period during which they will use it (EDCs must establish this in consultation with the procurement manager); and

3. the price for the energy, capacity, or other energy products recovered through the Generation Service Charge (which mainly covers energy supply costs for standard service).

Under the bill, an EDC must seek PURA's approval to incorporate this energy or related product into standard service. If PURA approves the energy or products for standard service, these costs must be recovered through the Generation Service Charge. The bill authorizes PURA to establish reporting standards on any determination of whether using these agreements is in standard service customers' best interest.

The bill also specifies that (1) PURA must dispose of any Class I

renewable energy credits (RECs) not used to serve standard service customers under the bill (see below) and (2) it does not amend or alter any agreements under the previous zero-carbon solicitation or other previous solicitations.

The bill requires the agreement's remaining costs (presumably, those not associated with standard service) and net revenues to be recovered and credited in the same manner as current law requires for all agreement costs and revenues (i.e. recovered from or credited to customers through a nonbypassable fully reconciling rate component).

EFFECTIVE DATE: October 1, 2025

Background — Zero-Carbon Procurement (PA 17-3, June Special Session (JSS)).

Among other things, PA 17-3, JSS, authorized DEEP and PURA to conduct a solicitation and procurement for bids from zero-carbon generation facilities. DEEP selected a bid for 9 million megawatt-hours from the Millstone Power Station, owned by Dominion Energy, and, after a renegotiation, PURA approved power purchase agreements (PPAs) between the EDCs and Dominion. Under the agreements, the EDCs must purchase 50% of Millstone's output over 10 years (2019-2029). A bid from Seabrook Station in New Hampshire was also selected, resulting in an 8-year contract (2022-2030). DEEP has also selected offshore wind and solar projects under this law.

Background — Related Bill

sSB 1194 (File 534), favorably reported by the Energy and Technology Committee, allows EDCs to use energy or related products (including from a nuclear power generating facility) purchased under a prior procurement agreement for standard service.

§ 31 — STANDARD SERVICE PROCUREMENT PLAN

Sets requirements for utilities to use self-service for standard service procurement; requires EDCs to be able to procure at least 25% of standard service load through dynamic market purchases; requires PURA's procurement manager to submit a plan amendment by February 1, 2026

By law, standard service is the generation services EDCs provide for

eligible customers who do not select an electric supplier (CGS § 16-244c). Existing law requires PURA's procurement manager to develop a plan annually to procure electric generation services and related wholesale market products. Current law requires the plan to enable EDCs to manage a portfolio of contracts to reduce costs while maintaining volatility within reasonable levels. The bill instead requires the procurement manager to develop the plan with the goal of reducing the average cost of standard service for standard service customers while minimizing cost volatility.

The bill requires, rather than allows, the procurement manager to consult with DEEP and OCC when developing the procurement plan.

Dynamic Market Requirements

Current law requires the procurement plan to provide for competitive solicitation for load-following electric service. The bill requires the plan to provide this as an option and requires EDCs, individually or jointly, to develop and maintain the ability to engage in dynamic market energy purchases for at least 25% of the standard service load in a flexible way. "Dynamic market purchases" include energy, capacity, or other market products needed to serve standard service load using market purchases the ISO markets, financial contracts, or other variable procurement techniques.

Under the bill, the procurement plans must identify the method EDCs must use to develop the proxy price for the portion of the standard service procured through dynamic market purchases. It requires the actual cost of these purchases to be reconciled to the proxy prices and their actual net costs be recovered in electric rates on a timely basis, as required under existing law. The bill directs each EDC to pay for these dynamic market purchases in accordance with the applicable contract terms.

The EDC's approach to dynamic market purchases must be designed to allow the company to buy energy products during lower cost periods, based on the day-ahead and real-time energy markets, and subject to a risk mitigation provision in the 2026 procurement plan amendment (see

below) that defines parameters for dynamic market purchases.

Under existing law and the bill, the procurement plan may include other contracts (e.g., financial contracts) and allow contracts of various lengths. The bill allows the plan to also include the use of energy, capacity, or other products approved under the zero-carbon procurement law (see § 30).

Proposed Procurement Plan Amendment in 2026

The bill requires PURA's procurement manager, by February 15, 2026, to submit a proposed amendment to the procurement plan for PURA's approval or modification. The procurement manager must do so in consultation with the EDCs, OCC, and DEEP commissioner.

The proposed amendment must at least include modifications addressing the potential use of the following:

1. multiple competitive solicitations each year to procure energy at intervals the plan identifies or as the procurement manager determines to serve ratepayers' best interests in accordance with the procurement plan's applicable provisions,

2. contracts with durations of up to three years to procure energy, and

3. fixed-price energy supply contracts in addition to full requirements contracts.

Under existing law, unchanged by the bill, if the procurement plan includes full requirements contracts, it must also include an explanation of why these purchases are in standard service customers' best interests.

The bill also requires the proposed plan amendment to set guidelines for each EDC on procurement plan implementation, including:

1. a requirement that each company develop and maintain the capacity to engage in dynamic market purchases,

2. direction to each company on the circumstances under which

dynamic market purchases could be exercised, and

3. a requirement that the ability to pursue procurement methods described above incrementally increase or decrease over time based on any demonstrated ratepayer benefits.

The proposed procurement plan amendment must also include a risk mitigation provision that defines the acceptable parameters for dynamic market purchases, including guidelines for using financial contracts.

PURA must review and modify or approve this amendment in an uncontested proceeding.

Waivers for Interim Amendments and Temporary Nonconformities

The bill eliminates provisions in current law allowing the procurement manager to petition PURA for an interim amendment. Instead, if the procurement manager determines that an interim amendment to the procurement plan, or a temporary nonconformity with the plan, may substantially further the goal of effectively procuring standard service while minimizing standard service cost volatility for a specific procurement, the bill requires him to adopt a waiver from the plan exclusively for that procurement. When the procurement manager adopts the waiver, he must immediately file notice about it and the interim amendment or nonconformity with PURA. PURA must then notify OCC, the DEEP commissioner, and the EDCs, who may submit comments on the waiver to PURA up to two business days after they receive the notice. PURA must act on the proposed waiver within three business days after the comment period expires or the waiver is deemed adopted.

Approval Process for Plan Amendments

Under current law, PURA must conduct an uncontested proceeding to approve, with any amendments it deems necessary, the procurement plan. The bill removes this process (leaving the law silent on an approval process for the annual plan). However, under the bill, if the procurement manager finds that an amendment to the plan may substantially further the goals described above, he may petition PURA

for an amendment. PURA must notify OCC, the DEEP commissioner, and the EDCs, who have 14 business days after the notice to request an uncontested proceeding and a technical meeting on the proposed amendment. PURA must conduct a proceeding and hold a technical meeting if requested.

Under the bill, PURA may approve, modify, or deny the proposed amendment. PURA's ruling must occur (1) within 90 days after the technical meeting, if one is requested, or (2) within 120 days after the deadline to request a technical meeting has expired.

The bill also allows PURA to start an uncontested proceeding to amend the procurement plan from time to time.

Procurement Plan Compliance and Costs

The bill requires each EDC to comply with the procurement plan and any plan amendments or waivers PURA adopts. The bill requires that any review PURA does of an EDC's dynamic market purchases be limited to an evaluation of whether they adhered to the procurement plan's dynamic market purchase requirements and be done through a contested proceeding.

Under the bill, as under current law, (1) all PURA's reasonable costs associated with developing and implementing the procurement plan are recoverable through an assessment on companies it regulates (CGS § 16-49) and (2) an EDC's reasonable and prudent operating costs to develop and implement the procurement plan are recoverable through a reconciling bypassable electric rate component as PURA determines. The bill specifies that EDC costs include incremental staffing and financial systems needed to support dynamic market purchases. Under the bill, any costs associated with the actual net costs of procuring and providing standard service must be recovered through electric rates, as required under existing law (CGS § 16-244c), which requires recovery so long as the company mitigates the costs it incurs to procure electric generation services for customers that are no longer receiving standard service.

Reporting Requirements

Under existing law and under the bill, PURA must annually report on the procurement plan and its implementation to the Energy and Technology Committee. The bill requires PURA to submit this report by April 1, 2026, and decreases the frequency of subsequent reports from quarterly to annually. It also requires this and subsequent reports be submitted with the report on the rate differential between residential and industrial rates, which PURA must annually submit to the committee under an existing law.

Background — Related Bill

sSB 1560 (File 902), favorably reported by the Finance Committee, creates the Connecticut Electricity Procurement Authority and requires it to develop a standard service procurement plan that meets certain requirements.

§ 32 — THERMAL ENERGY NETWORK GRANTS AND LOANS

Requires DEEP to establish a thermal energy network grant and loan program within available appropriations

The bill requires the DEEP commissioner to establish a thermal energy network grant and loan program, within available appropriations, to support the development of thermal energy network projects on the customer's side of an electric meter.

Under the bill, a thermal energy network is a utility-scale distribution infrastructure project that supplies thermal energy (heating, or heating and cooling, derived from geothermal sources or sources that do not emit greenhouse gases) as piped noncombustible fuels to transfer heat into and out of buildings for any heating and cooling process (e.g., comfort heating and cooling, domestic hot water, and refrigeration). Thermal energy networks include all real estate, fixtures, and personal property used for or used to facilitate these projects.

The bill requires the DEEP commissioner to issue a request for proposals (RFP) from eligible recipients, which include at least the following entities seeking to develop a thermal energy network:

1. local or regional governmental entities, municipal corporations,

regional councils of governments, or public authorities;

2. state and federally recognized tribes;

3. EDCs, gas companies, or participating municipal electric utilities;

4. energy improvement districts; or

5. nonprofit, academic, and private entities.

The bill allows the DEEP commissioner to award grants or loans under the program to any number of eligible recipients, who may collaborate on a proposal. The bill requires eligible recipients to demonstrate to the commissioner that they have adopted prevailing wage standards.

Loans and grants may provide:

1. help with community planning, including project feasibility and benefit-cost analyses;

2. help with design, engineering services, and infrastructure costs for any project; or

3. nonfederal cost share for grant or loan applications for thermal energy network projects or programs.

The bill allows the commissioner to establish any financing mechanism to provide or leverage additional funding to support thermal energy network project development.

The bill requires grant or loan recipients to report on the project's status to PURA, OCC, the DEEP commissioner, and the Energy and Technology Committee annually by January 1 for a three-year period after receiving a grant or loan.

EFFECTIVE DATE: October 1, 2025

§§ 33 & 35 — NEW NUCLEAR CONSTRUCTION

Creates a second exception from the nuclear moratorium for advanced nuclear reactors that meet certain requirements and expands DEEP's duties related to atomic development activity

Nuclear Moratorium Exceptions

Current law generally prohibits construction from starting on a new nuclear facility unless and until the DEEP commissioner finds that the federal government identified and approved a demonstrable technology or way to dispose of high-level nuclear waste, with an exception for construction at a nuclear power generating facility currently operating in the state (i.e. Millstone Power Station in Waterford).

The bill creates a second exemption from the moratorium for advanced nuclear reactor facilities. Under federal law, advanced nuclear reactors are:

1. nuclear fission reactors, including prototype plants, with significant improvements compared to reactors operating in 2020 (e.g., additional safety features, lower waste yields, and improved fuel and material performance);

2. fusion reactors; and

3. radioisotope power systems that generate energy using heat from radioactive decay.

The moratorium exception for advanced nuclear reactors applies to facilities that get consent, either by a referendum or a vote of the legislative body, from (1) the municipality where the proposed facility is sited and (2) any other municipality in the proposed facility's emergency planning zone, as the federal Nuclear Regulatory Commission (NRC) determines.

For both exceptions (construction at Millstone and advanced nuclear reactors), the bill requires the entity proposing a new facility to get all permits, licenses, and permissions or approvals for the facility's construction, operation, and decommissioning funding required under any applicable federal laws, NRC regulations, and any other federal or

state law, rule, or regulation on the facility's permitting, licensing, construction, operation, or decommissioning.

DEEP's Atomic Development Activity Coordination Duties

Existing law requires the DEEP commissioner to coordinate all atomic development activities in the state, including advising the governor and coordinating the state's development and regulatory activities on atomic energy's industrial and commercial uses, among other things. The bill additionally requires the commissioner to be a point of contact for public and private stakeholders to help them comply with federal, state, and local requirements related to atomic development (e.g., siting considerations and permitting).

EFFECTIVE DATE: October 1, 2025

§ 34 — ADVANCED NUCLEAR REACTOR ENERGY SITE READINESS FUNDING PROGRAM

Requires DEEP to establish an advanced nuclear reactor site readiness funding program; authorizes up to $5 million in state bonds to fund it

The bill requires the DEEP commissioner to establish a competitive advanced nuclear reactor site readiness funding program. It allows the commissioner to give "eligible recipients" grants or loans to support the following activities related to advanced nuclear reactor facilities:

1. environmental and technical studies required for early site permitting,
2. local and regional infrastructure assessments to support facility development,
3. community engagement and planning initiatives for hosting facilities, and
4. other necessary expenses the commissioner identifies to advance site readiness.

Under the bill, eligible recipients for the program's grants and loans are:

1. regional governmental entities, municipalities, regional councils of government, public authorities, state or federally recognized tribes, or municipal electric utilities or cooperatives with a demonstrated interest in hosting advanced nuclear reactors, as the commissioner determines;

2. private entities partnering with or interested in doing so with the entities described above to develop these facilities; and

3. higher education institutions in the state.

The bill authorizes up to $5 million in state bonding for the commissioner to award the program's grants and loans. It also allows the commissioner to (1) use federal funds allocated to the state to support the program, (2) revise its program criteria to be consistent with federal funding program criteria, and (3) use the federal funds to hire a technical consultant to implement the bill's program provisions. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

EFFECTIVE DATE: July 1, 2025

§ 36 — CLASS I RENEWABLE ENERGY SOURCES

Removes landfill methane gas and certain biomass facilities from the Class I renewable energy sources definition

Under the bill, landfill methane gas and certain biomass facilities are no longer Class I renewable energy sources. This means that renewable energy credits produced by these facilities may not be used to meet an EDC's or electric supplier's Class I renewable portfolio standard (RPS) requirements. By law, Class I sources (1) may participate in certain power procurements administered by DEEP; (2) generally qualify for certain property tax exemptions; and (3) may be exempted from municipal building permit fees, at the municipality's option.

This change applies to electricity derived from:

1. landfill methane gas;

2. a biomass facility that uses sustainable biomass fuel and has an

average emission rate of up to 0.75 pounds of nitrogen oxide per million British thermal units of heat input for the previous calendar quarter; or

3. a biomass facility with a capacity of less than 500 kilowatts that began construction before July 1, 2003.

However, biomass facilities that have executed an agreement to provide energy to an EDC before October 1, 2025, are exempt (meaning they continue to be Class I sources) for as long as the agreement is in effect.

EFFECTIVE DATE: October 1, 2025

§§ 37-42 & 47— CLASS I RENEWABLE PORTFOLIO STANDARD

Reduces Class I RPS requirements by seven percentage points in years 2026 to 2030; requires PURA to establish procedures to dispose of RECs purchased under renewable energy tariffs and various energy procurement solicitations

The state's RPS law requires EDCs and retail suppliers to procure an increasing portion of the power from certain renewable and other clean energy resources. Under current law, at least 32% of the power must come from Class I renewable energy sources in 2026, a percentage that increases by two points every year until it reaches 40% in 2030. The bill sets a lower Class I RPS requirement for years 2026 to 2030, as shown in the table below.

Class I RPS Change

Year	*Current Law*	*Bill*
2026	32%	25%
2027	34	26
2028	36	27
2029	38	28
2030	40	29

Existing law authorizes DEEP to solicit proposals for various types of energy sources and direct EDCs to enter into contracts with selected bidders. The bill requires PURA, in consultation with the DEEP commissioner and OCC, to start a proceeding to establish procedures to dispose of RECs purchased under these procurements, as well as those

purchased under the renewable energy tariffs (i.e. RRES, NRES, and SCEF). These may include procedures to sell RECs or retire them on behalf of all ratepayers and reduce an EDC's or electric supplier's Class I RPS requirements. The bill requires any reduction to be based on PURA's forecast of procured energy production. PURA must determine any reduction to the annual RPS at least one year before the annual RPS requirement takes effect.

The bill eliminates requirements in current law concerning REC disposal for the following procurement authorizations, and instead requires Class I RECs to be disposed of (i.e. sold or retired) according to PURA's procedures:

1. Class I renewable energy sources or large-scale hydropower (§ 38), for which current law requires RECs be sold;

2. run-of-the-river hydropower, landfill methane gas, biomass, anaerobic digestion, fuel cell, and offshore wind Class I renewable energy sources or energy storage (§ 39), for which current law requires EDCs to choose, based on ratepayers' best interests, to sell the RECs and credit revenue to customers or retain RECs;

3. Class I renewable energy resources procured in the event of a material shortage of Class I RECs (§ 40), for which current law requires RECs to be sold;

4. offshore wind (§ 41), for which current law requires RECs to be retained by the EDC to meet RPS requirements or sold, with revenues credited to EDC customers;

5. anaerobic digestion (§ 42), for which current law requires EDCs to choose, based on ratepayers' best interests, to sell the RECs credit revenue to customers or retain the RECs; and

6. demand response projects, Class I renewable resources, Class III sources, large-scale hydropower, or natural gas resources (§ 47).

The bill also requires RECs under the zero-carbon procurement to be

disposed of according to PURA's procedures (§ 30).

The bill eliminates requirements that PURA establish separate procedures to dispose of RECs purchased under renewable energy tariffs and instead subjects these RECs to the same procedures established by PURA in consultation with DEEP and OCC, as described above.

EFFECTIVE DATE: October 1, 2025

§ 43 — INTEGRATED RESOURCES PLAN AND RENEWABLE PROCUREMENTS

Requires DEEP to set targets and a schedule to procure new zero-carbon Class I renewable energy resources to meet 7% of the state's load in addition to RPS requirements

The bill requires the DEEP commissioner to set (1) targets for energy procured under existing power procurement authorizations and (2) a proposed schedule for solicitations under these laws for new zero carbon Class I renewable energy resources needed to achieve an additional 7% of total load served by EDCs in the aggregate by 2030, in addition to RPS requirements. The DEEP commissioner must do this in the next Integrated Resources Plan (IRP) approved after January 1, 2025. The target and schedule apply to solicitations under the following procurement authorizations:

1. Class I renewable energy resources to meet up to 4% of the state's load (CGS § 16a-3f);

2. Class I renewable energy resources or large-scale hydropower to meet up to 5% of the state's load (CGS § 16a-3g);

3. certain Class I renewable energy resources and energy storage for up to 6% of the state's load (CGS § 16a-3h);

4. Class I renewable energy resources procured in the event of a material shortage of Class I RECs (CGS § 16a-3i);

5. demand response resources, Class I and Class III resources, large-scale hydropower, and natural gas resources (CGS § 16a-3j);

6. zero-carbon electricity generating resources (CGS § 16a-3m);

7. offshore wind (CGS § 16a-3n); and

8. anaerobic digestion (CGS § 16a-3p).

In practice, DEEP has issued solicitations and directed EDCs to enter into agreements under these laws, but retains authority to conduct additional solicitations to the extent procurements have not reached limits imposed under each law.

Under the bill, DEEP must base its targets on at least the following factors:

1. electric system needs identified by the IRP (e.g., capacity, winter reliability, and progress meeting greenhouse gas reduction goals);

2. the Comprehensive Energy Strategy priorities;

3. positive impacts on the state's economic development;

4. opportunities to coordinate procurement with other states;

5. forecasted trends in technology costs; and

6. impacts on the state's ratepayers.

EFFECTIVE DATE: October 1, 2025

§ 44 — BIOMASS POWER PURCHASE AGREEMENTS

Requires the DEEP commissioner to solicit proposals from certain biomass facilities by September 1, 2025

The bill requires the DEEP commissioner, in consultation with OCC and PURA's procurement manager, to start a proceeding by September 1, 2025, to solicit proposals for energy, capacity, and environmental attributes from eligible biomass facilities. To be eligible, a facility must meet current Class I requirements and have entered into at least one existing biomass PPA.

An existing biomass PPA is a PPA that (1) was entered into by a biomass facility that meets current Class I requirements; (2) was in effect as of January 1, 2024; and (3) was entered into with an EDC by June 5, 2013, or was executed under existing laws authorizing DEEP to solicit these resources.

The bill allows the commissioner to conduct multiple solicitations and direct EDCs into one or more "additional biomass PPAs," which are PPAs entered into by an eligible biomass facility and an EDC for the facility's energy, capacity, and environmental attributes, in any combination. The PPA must consider the facility's operation costs, be in ratepayers' best interests, and support the state's solid waste management plan.

Current law allows DEEP to direct EDCs to enter into additional biomass PPAs but does not require her to conduct a solicitation. The bill removes a provision requiring EDCs to sell or retain RECs, based on which option is in ratepayers' best interests.

Under both the bill and existing law, additional biomass PPAs are subject to PURA's approval. Under current law, these agreements are for 10 years. Under the bill, they are for up to 10 years (i.e. agreements may be shorter in duration) and they begin when the applicable existing biomass PPA ends. EDCs must file an application for approval with PURA and PURA must issue a decision on the PPA within 180 days of receiving it or it is deemed approved.

Under existing law and the bill, the agreements net costs, including EDC costs under the agreement and reasonable costs they incur in connection with it must be recovered through a fully reconciling rate component for EDC customers.

EFFECTIVE DATE: July 1, 2025

§§ 45 & 46 — DEMAND RESPONSE PILOT PROGRAM

Requires DEEP to establish an electric active demand and gas demand response pilot program

The bill requires the DEEP commissioner to establish an electric

active demand and gas demand response pilot program to (1) reduce electric and gas demand and (2) improve electric and gas grid resiliency and reliability in the state. It allows the commissioner to issue multiple solicitations from providers of (1) active electric demand response measures and (2) active or passive gas demand response measures. She may do this for a two-year period starting October 1, 2025, either in coordination with other New England states or on behalf of Connecticut alone.

The bill requires each EDC or gas company, in consultation with the Energy Efficiency Board, to assess whether submitting a proposal is feasible under a solicitation DEEP issues under the program. Demand reductions in proposals must be in addition to existing and projected demand reductions through the state's conservation and load management programs.

If the DEEP commissioner finds proposals to be in ratepayers' best interests, she may direct EDC or gas companies, on behalf of their customers, to enter contracts for active or passive demand response measures that result in electric or gas savings, so long as ratepayer benefits outweigh ratepayer costs. The bill limits the aggregate size of resources selected through the pilot to 10% of the state's load.

The bill requires companies to file applications with PURA for review and approvals of the agreements they enter. PURA must approve the agreement if it is cost effective and in ratepayers' best interests. PURA must issue a decision within 90 days after a company files an application or it is deemed approved.

The bill requires an agreement's net costs, including reasonable costs a gas company incurs under the agreement to be recovered through the conservation adjustment mechanism for the state's conservation and load management programs (C&LM CAM). It requires EDCs to recover their reasonable costs incurred under the agreement through the nonbypassable federally mandated congestion charge (FMCC). By law, the C&LM CAM is capped at 4.6 cents per hundred cubic feet. The bill allows companies to exceed this cap to fund the net costs of any

agreement under the pilot.

The bill allows the DEEP commissioner to hire consultants with modeling expertise (quantitative modeling of gas and electric markets and physical electric or gas system modeling) to help implement the pilot program. Up to $1.5 million in reasonable costs associated with the DEEP commissioner's solicitation and review of proposals is recoverable through the C&LM CAM for gas companies and the FMCC for EDCs, even if the commissioner does not select any proposals.

The bill requires the DEEP commissioner to evaluate the pilot program's effectiveness at benefitting ratepayers and submit the evaluation and any recommended legislation to the Energy and Technology Committee by January 1, 2028.

EFFECTIVE DATE: October 1, 2025

§ 48 — INSPECTING SUPPORT SERVICES FOR OFFSHORE WIND PROJECTS

Allows inspectors accredited by the United States National Association of Marine Surveyors to conduct inspections of fishermen providing support services for offshore wind projects selected under certain PPAs

Existing law authorizes DEEP to solicit proposals for up to 2,000 MW from offshore wind providers and transmission providers and direct the EDCs to enter into PPAs with selected bidders. For solicitations on and after July 1, 2024, DEEP must include contract commitments requiring selected bidders to use their best efforts to award certain contracts or employment to state commercial fishing licensees. When these contracts are for support services (e.g., serving as a safety vessel in a construction zone), any selected fishermen must meet certain inspection requirements.

Under current law only the Coast Guard or inspectors accredited through the International Institute of Marine Surveying's academy may do the inspections. The bill allows inspectors accredited by the United States National Association of Marine Surveyors to do them as well.

EFFECTIVE DATE: October 1, 2025

§§ 49 & 53 — PURA

Principally makes PURA a part of DEEP for administrative purposes only and makes related changes; requires rate adjustments to come before all qualifying commissioners; and expands existing "revolving door" limitations on the employment commissioners may accept after leaving PURA

Under current law, PURA is a part of DEEP. The bill makes PURA a part of DEEP for administrative purposes only and makes the PURA chairperson PURA's chief executive for administrative purposes. It makes related minor and conforming changes, such as removing the requirement that PURA adopt its regulations in accordance with DEEP policies. By law, among other things, an agency assigned to a state department for "administrative purposes only" exercises its regulatory authority without the approval or control of the state department in which it is located (CGS § 4-38f).

As described below, the bill additionally makes changes related to commissioner terms, decisions and panels, and employment restrictions.

PURA Commissioners

For commissioners appointed on or after January 1, 2025, the bill specifies that their terms begin on the date they are appointed and qualified and continue for four years from the following July. (Terms are generally for four years under current law, but the law sets different terms for specific appointments.) Additionally, commissioners may continue serving until a successor is appointed and qualified.

Under existing law, commissioners are nominated by the governor, who must submit his nominations by May 1, and both chambers must confirm or deny them before session adjourns sine die.

PURA Decisions and Panels

Under current law, the PURA chairperson may assign any matter to a panel of three or more commissioners. The bill creates an exception, requiring that rate adjustment proceedings be before all appointed and qualifying commissioners. Additionally, if the chairperson appoints a panel of three, no more than two commissioners may be from the same political party.

The bill requires that each commissioner's vote on any decision be put into writing, recorded in the session minutes, and posted on PURA's website within 48 hours after the vote. If a commissioner chooses to write a concurring or dissenting opinion, the bill requires the chairperson to make staff available to assist him or her.

Restrictions on Former Commissioners and Confidential Information

The bill also expands "revolving door" provisions that prohibit former commissioners from accepting certain employment for one year after their service as a commissioner has ended. Under existing law, they cannot accept employment from a public service company, telecommunications provider, an electric supplier, or any entity engaged in lobbying activities related to government regulation of them. Beginning July 1, 2025, the bill adds that, for one year, former commissioners are also barred from accepting employment with (1) an entity that provides legal representation related to government regulation of these companies, providers, or suppliers or (2) any other related entity (meaning certain stockholders who own at least 50% of outstanding stock and their family members).

Under current law, former utility commissioners who are attorneys may not, for one year after their service has ended, (1) appear or participate in any matter before PURA or (2) accept payment regarding a matter that is before PURA. The bill expands this prohibition to all former commissioners, not only those who are attorneys.

The bill additionally prohibits former PURA commissioners and employees from accepting employment that would require them to disclose confidential information they acquired due to and during their official duties. Under current law, this prohibition only applies to current commissioners and employees.

The bill retains other prohibitions in existing law on commissioner and employee conduct (e.g., disclosing confidential information for money) but applies them to PURA employees rather than DEEP employees assigned to work at PURA.

EFFECTIVE DATE: October 1, 2025

§§ 50-52 — OCC TRANSACTION INFORMATION AND CONSULTANTS

Requires proprietary information PURA receives from holding companies and their subsidiaries to be provided to OCC; requires PURA to adjust retail transmission rates to fund DEEP and OCC consultants and evaluations under the bill's GETs requirements

Proprietary Information

Current law allows PURA to order holding companies and their subsidiaries to produce documents related to the company's or subsidiary's transactions with a public service company and have those transactions audited. Under this law, the holding company's or subsidiary's proprietary commercial and proprietary financial information is confidential and protected by PURA. The bill requires this information to be provided to OCC and requires OCC to keep it confidential and protect it, subject to the state's freedom of information laws. The bill prohibits OCC employees from willfully and knowingly disclosing confidential information to any other person for pecuniary gain or using the information for pecuniary gain.

Consultants and Evaluation Expenses

Existing law requires PURA to design an EDC's retail transmission rate to provide recovery for all FERC-approved transmission costs and hold hearings at least annually to determine whether these charges reflect actual prices. The bill requires PURA to adjust the rates to fund (1) DEEP's and OCC's costs to retain consultants to enable them to participate in Siting Council proceedings and (2) evaluations and analyses conducted under the bill's project alternative and evaluation requirements.

Additionally, current law generally allows OCC to retain consultants knowledgeable in various fields, including economists, rate design experts, and capital cost experts. The bill explicitly adds engineers to the types of consultants OCC may retain.

EFFECTIVE DATE: October 1, 2025

§ 54 — RATE CASE DEADLINES

Allows PURA to extend deadlines for rate amendment decisions for up to 90 days in cases when two large utilities apply for rate amendments within a 60-day period

The bill allows PURA to extend the statutory time limits for rate amendment decisions by up to 90 days in cases where a regulated utility with over 75,000 customers files a rate amendment within 60 days after another regulated utility with over 75,000 customers has filed a rate amendment.

Under current law, PURA must make a finding on a rate amendment (1) for EDCs and gas companies, within 350 days from the proposed effective date and (2) for other regulated utilities, 270 days from the proposed effective date.

EFFECTIVE DATE: Upon passage

§ 55 — ELIMINATES PROGRAM FOR CERTAIN ENERGY STORAGE SYSTEMS

Eliminates a requirement that PURA initiate a proceeding to develop a program for front-of-the meter energy storage systems not located on a customer's premises

The bill eliminates from current law a requirement that PURA initiate a proceeding to develop and implement a program (including funding mechanisms) for front-of-the-meter energy storage systems not located a customers' premises. The bill retains the law's requirement that PURA do so, by January 1, 2022, for electric energy storage resources connected to the electric distribution system for programs for (1) the residential customers and (2) industrial and commercial customers.

EFFECTIVE DATE: October 1, 2025

§ 56 — ELECTRIC SYSTEM EFFICIENCY GOAL

Establishes electric system efficiency as a state goal and allows DEEP and PURA to set metrics and implement programs towards the goal; requires DEEP to allocate staff for analyses related to the goal and report annually to the Energy and Technology Committee

The bill establishes as a goal of the state maximizing the efficiency and utilization of the electric transmission and distribution systems to reduce structural inefficiencies ("electric system efficiency goal"). To achieve this goal, the bill requires the state to seek to:

1. improve electric system utilization by improving the system load

factor, which is the average load divided by the peak load on the EDCs system, measured in megawatts;

2. analyze customer usage patterns and the efficacy of investments in electrification projects and grid-scale electricity storage projects;

3. develop and implement policies and incentives to encourage the dispatch of energy generated by behind-the-meter distributed solar facilities;

4. study and report on ways to promote business growth in the state through electric load growing energy policies; and

5. implement these goals in way that is consistent with the state's greenhouse gas reduction goals.

The bill allows PURA to set specific goals and metrics aligned with the electric system efficiency goal through its programs and its regulation of EDCs. PURA programs to meet this goal may include incentives to dispatch behind-the-meter distributed solar energy to increase the system load factor.

The bill similarly allows the DEEP commissioner to set specific goals and metrics aligned with the electric system efficiency goal through its IRP. DEEP may establish programs to promote load factor growth, within available appropriations and within its existing authority, including investments in electrification projects and grid-scale electricity storage projects.

The bill requires programs DEEP and PURA implement to reach the electric system efficiency goal to have ratepayer benefits that exceed ratepayer costs.

The bill requires the DEEP commissioner to allocate staff from the department's energy bureau to:

1. analyze customer usage patterns and the efficacy of investments in electrification projects and grid-scale electricity storage

projects;

2. study and report on ways to promote business growth in the state through electric load growing energy policies; and

3. long-term planning on developing a more efficient, cost-effective electric system that actively aligns procurement, grid operations, and customer usage behavior to reduce ratepayer costs and improve electric system efficiency.

The bill requires the DEEP commissioner to report annually by April 1 starting in 2026 and continuing until April 1, 2041, to the Energy and Technology Committee, on:

1. the annual and daily load factors for the previous calendar year for each EDC;

2. any policies and strategies adopted through an authority proceeding to achieve the system efficiency goal, including the costs and benefits of any program DEEP or PURA implemented to reach the goal; and

3. any cost-effective policies or programs the legislature may adopt to promote achievement of the goal.

The bill requires the DEEP commissioner to coordinate the report with PURA and allows her to consult with EDCs and request data from them.

EFFECTIVE DATE: October 1, 2025

§ 57 — UNIFORM SOLAR CAPACITY TAX

Establishes a municipal uniform solar capacity tax of $10,000 per MW of nameplate capacity on solar photovoltaic systems over one MW in size, with specified exceptions

The bill establishes a municipal uniform solar capacity tax of $10,000 per MW of nameplate capacity on certain solar photovoltaic systems that are over one MW in size and receive permission to operate on or after July 1, 2026. Generally, the tax applies for 20 years, but municipalities may enter agreements to stabilize or freeze it. Among

other things, the bill designates revenue from the tax as municipal revenue and sets an appeal process.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

Applicability

The bill creates an annual tax for certain solar facilities beginning July 1, 2026. Under the bill, the uniform solar capacity tax applies to owners of "solar photovoltaic systems," which are equipment and devices:

1. that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect;

2. that have a nameplate capacity over one MW that exceeds the load for the location where the equipment and devices are located; and

3. for which the owner receives permission to operate from an electric distribution company or a municipal electric utility on or after July 1, 2026.

The tax does not apply to solar facilities in Connecticut that are located on the following:

1. state-owned land;

2. brownfields (i.e. abandoned or underutilized property where redevelopment, reuse, or expansion has not occurred due to the presence or potential presence of pollution in the buildings, soil, or groundwater that requires investigation or remediation before or in conjunction with the property's redevelopment, reuse, or expansion);

3. landfills;

4. residential, commercial, or industrial rooftops; or

5. solar canopies (i.e. outdoor, shade-providing structures that host

solar photovoltaic panels located above an existing or new parking or driving area, pedestrian walkway, or courtyard, installed in a way that maintains the function of the area beneath it).

It also does not apply to those that are part of a microgrid serving a critical facility. By law, and under the bill, a "microgrid" is a group of interconnected electricity users and generators that (1) is within clearly defined boundaries and acts as a single controllable entity with respect to the larger grid and (2) can operate as part of the grid or independent of it. A "critical facility" includes:

1. hospitals,
2. police and fire stations,
3. water and sewage treatment plants,
4. public shelters,
5. correctional facilities,
6. certain television and radio production and transmission facilities,
7. commercial areas,
8. municipal centers identified by the municipality's chief elected official, and
9. any other facility or area identified by DEEP.

Notification to Municipality

The bill requires system owners that receive permission to operate on or after July 1, 2026, to notify the finance department (or tax collector if the municipality does not have a finance department) of each municipality in which the system is located of the effective date of their permission to operate. They must do so within seven days of receiving permission.

Tax Amount and Payment

Under the bill, system owners must pay the tax to the finance department, or, if none, the tax collector for the municipality in which the system (or any part of it) is located. For systems with multiple owners, the bill makes owners jointly and severally liable for the tax.

The bill establishes a "uniform solar capacity tax year," from July 1 to June 30, as an accounting period to calculate the tax. For any system that receives permission to operate in uniform solar capacity tax years starting on or after July 1, 2026, the tax must be paid annually for a period of 20 uniform solar capacity tax years at a rate of $10,000 per MW of nameplate capacity, including any fractional portion.

Under the bill, to calculate the nameplate capacity of a system, all equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect are considered part of the same system if they are (1) located on the same parcel, (2) located on land that was part of the same parcel before the current landowner subdivided it into multiple parcels, or (3) located on adjoining parcels. Under the bill, this calculation method does not limit tax liability or the bill's definitions related to the tax.

The bill makes revenues from the tax general revenue for the municipality where it is paid. For systems located in more than one municipality, the bill requires the tax to be allocated in proportion to the nameplate capacity of the system located in each municipality.

Additionally, the bill requires OPM to develop a form to be submitted with the tax, and each municipality, through its finance department, or, if none, tax collector, must provide the form upon request by July 31, 2026. (Presumably, OPM must develop and give the municipalities the form before that date.) The bill allows each municipal finance department or tax collector to require a single annual payment or semiannual or quarterly payments. It also makes the tax (1) due on the date or dates determined by the municipal finance department or tax collector and (2) due and collectible as other property taxes and subject to the same liens and collection processes.

Under the bill, delinquent payments accrue interest at 1.5% per month or partial month, from the due date until paid.

Appeal Process

The bill allows anyone aggrieved by a municipality's action related to the tax to appeal to the Superior Court for the judicial district in which the municipality is located. Under the bill, anyone who appeals the tax is not liable for interest if he or she (1) pays a portion of the tax while the appeal is pending, (2) indicates that the payment is "under protest," and (3) pays at least 75% of the amount assessed by the municipality during the time limits the municipality prescribes for the payment.

Municipal Agreements to Stabilize or Freeze the Tax

The bill authorizes a municipality, through its board of selectmen or other legislative body, to enter into an agreement to freeze or stabilize the tax imposed for any system in the municipality. If the system is located in more than one municipality, the agreement only applies to the portion of the tax allocated to the municipality that enters into the agreement.

§ 58 — PROPERTY TAX EXEMPTION FOR CLASS I RENEWABLE ENERGY SOURCES

Creates a new property tax exemption for solar generation facilities; limits the new exemption, and an existing exemption for specified Class I renewable energy sources for commercial or industrial purposes, to explicitly exclude the real property where the equipment and devices are located

Starting with the 2025 assessment year, the bill creates a property tax exemption for Class I renewable energy sources that consist of equipment and devices that primarily collect solar energy and generate energy by photovoltaic effect. The bill limits this exemption by applying it only to equipment and devices with the primary purpose of generating electricity and not to any real property where the equipment or devices are located or installed.

Relatedly, the bill applies this same limitation to an existing property tax exemption for Class I renewable energy sources (other than nuclear power generating facilities) (1) installed on or after January 1, 2014; (2) for commercial or industrial purposes; and (3) with a nameplate

capacity that does not exceed the location's load or, if the facility is participating in virtual net metering, the aggregated load of its beneficial accounts. (Current law does not explicitly exclude the real property where these sources' equipment and devices are located or installed under the existing exemption.)

EFFECTIVE DATE: October 1, 2025

§ 59 — SOLAR CONSUMER PROTECTION TASK FORCE

Extends the taskforce's reporting deadline by one year and broadens qualifications for one appointed member

Existing law establishes a 17-member task force to examine and make recommendations on policy, regulations, and legislation to improve disclosure requirements and consumer protections for consumers who purchase, lease, or enter into PPAs for solar facilities. It requires the task force to examine whether special protections are needed for low-income or elderly customers.

Current law requires the task force to report its findings and recommendations to the Energy and Technology and General Law committees by January 1, 2025. The task force terminates on this date, or when it submits its report, whichever is later. The bill extends this deadline by one year, to January 1, 2026.

Under current law, the House speaker must appoint two of the task force's members, including one with experience representing senior citizens in matters related to consumer protection or utilities. The bill instead requires this appointed member to have experience representing people in consumer protection matters.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 17 Nay 8 (03/13/2025)

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 32 Nay 15 (05/19/2025)

Appropriations Committee

Joint Favorable
Yea 41 Nay 11 (05/23/2025)