OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
http://www.cga.ct.gov/ofa

sSB-4
AN ACT CONCERNING ENERGY AFFORDABILITY, ACCESS AND ACCOUNTABILITY.

AMENDMENT

LCO No.: 10419
File Copy No.: 325
Senate Calendar No.: 199

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the underlying bill and its associated fiscal impact.

General Obligation (GO) Bonds:

Sections 1, 2 and 34 authorize a total of $305 million in General Obligation bonds ($160 million in FY 26 and $145 million in FY 27). To the extent bonds are fully allocated when available, total state debt repayment is anticipated to be approximately $436.4 million over the 20-year duration of the bonds.

Additional State Staff Requirements:

The amendment makes various energy related changes and expands energy related policies, including gas efficiency procurements, financed utility services, and expanded siting council work. The cumulative changes contained within the amendment result in the need for additional staffing within the Office of Consumer Counsel (OCC), the Department of Energy and Environmental Protection (DEEP), and the Public Utilities Regulatory Authority (PURA). It is estimated that at least the following additional staff would be required to implement the changes contained within the amendment:

PURA would require an Associate Research Analyst with an annual salary of $103,000 (and corresponding fringe benefits of $85,758) and an Economist with an annual salary of $85,700 (and corresponding fringe benefits of $71,354), for an annual total cost of $345,812.

DEEP would require an Environmental Analyst 2 with an annual salary of $65,000 (and corresponding fringe benefits of $26,462) and a Clerk Typist with an annual salary of $43,364 (and corresponding fringe benefits of $17,653) for an annual total cost of $152,479.

OCC would require a Utilities Finance Specialist with an annual salary of $90,309 (and corresponding fringe benefits of $75,191) and a Staff Attorney 2 with an annual salary of $99,570 (and corresponding fringe benefits of $82,902) for an annual total cost of $347,972.

Municipal Impact:

The amendment results in various potential savings and revenue gains to municipalities associated with grant programs administered by DEEP.

The amendment also results in a potential revenue gain to municipalities associated with a tax on solar photovoltaic systems and a potential grand list impact that is dependent on how a property tax exemption is implemented.

Other Impacts:

Section 3 limits expenses in the Electric Vehicle (EV) Charging Program to $20 million per year.

Section 4 requires PURA to evaluate protections against electric distribution companies (EDCs) or gas companies terminating or discontinuing service to medically protected customers. The costs to the state related to these provisions are covered in the additional staff identified above.

Section 5 makes a procedural change and has no fiscal impact.

Sections 6-9 require PURA with the assistance of other state agencies to study various issues and makes procedural changes to clean energy procurement. The costs to the state related to these provisions are covered in the additional staff identified above.

Sections 10-17 securitize financed utility services through rate reduction bonds, which is capped at $2.2 billion. This creates an entity outside of the utilities that can access the bonding authority. None of the debt is considered state holdings, state debt or a possible state liability. The Office of the State Treasurer is responsible for facilitating the sale of the bonds and any cost they incurred would be paid within the process of selling the bonds, which results in no fiscal impact to the state.

Section 18 makes changes to the third-party administration for clean energy programs and public benefits report and has no fiscal impact to the state or municipalities.

Sections 19 -21 establish a process for electric distribution companies (EDCs) to apply to PURA and to establish time varying rates by October 1, 2027. Additionally, Section 21 establishes a customer education and engagement program to encourage customers to use these rates and available technology to assume greater consumer savings. The costs to the state related to these provisions are covered in the additional staff identified above.

Sections 22 -24 require EDCs to adopt and follow various policies related to increased safety protections. This will not result in a state or municipal fiscal impact.

Sections 25 and 26 make various procedural changes related to incumbent transmission owners, the costs to the state related to these provisions are covered in the additional staff identified above.

Section 27 broadens the use of consultants and does not result in a fiscal impact.

Sections 28 and 29 make procedural changes to ISO-New England membership and voting and does not result in a state impact.

Sections 30 and 31 make various changes related to standard service. The costs to the state related to these provisions are covered in the additional staff identified above.

Section 32 requires DEEP to establish a thermal energy network grant and loan program. The costs to the state related to these provisions are covered in the additional staff identified above. Additionally, section 34 may result in a potential revenue gain to municipalities to the extent they receive funding from DEEP through the thermal energy network grant and loan program. Any funding will be dependent on what DEEP provides.

Sections 33 and 35 create a second exception from the nuclear moratorium for advanced nuclear reactors, expands DEEP's duties related to atomic development activity, and requires DEEP to establish the advanced nuclear reactors and offshore wind readiness program. The costs to the state related to these provisions are covered in the additional staff identified above.

Section 34 may result in a potential revenue gain to municipalities to the extent they receive funding from DEEP through the advanced nuclear reactor site readiness funding program. Any funding will be dependent on what DEEP provides.

Sections 36-42 and 47 remove biomass from the definition of Class I renewable energy source and make a number of other changes to the Class I renewable portfolio standards. The costs to the state related to these provisions are covered in the additional staff identified above.

Sections 43 and 44 require DEEP to establish targets for how much energy DEEP may seek in solicitations under existing authorizations for various energy sources and energy attributes from eligible biomass facilities. The costs to the state related to these provisions are covered in the additional staff identified above.

Sections 45 and 46 expand efficiency related to gas procurement. The costs to the state related to these provisions are covered in the additional staff identified above.

Section 48 makes a procedural change and has no fiscal impact.

Sections 49 and 53 make PURA a part of DEEP for administrative purposes only and has no fiscal impact.

Sections 50-52 specify that OCC can retain additional consultants, which could result in a potential cost.

Sections 54 and 55 make procedural changes that do not have a fiscal impact.

Section 56 establishes several new requirements for DEEP and PURA to establish several state goals regarding system efficiency. The costs to the state related to these provisions are covered in the additional staff identified above.

Sections 57 and 58 result in a revenue gain to municipalities beginning in FY 27 associated with an annual tax on certain solar photovoltaic systems. Any revenue gain will be dependent on the number of megawatts and nameplate capacity for each system. Revenue gain may be reduced to the extent municipalities choose to freeze or stabilize the tax.

The amendment also clarifies an existing property tax exemption by specifying that it only applies to equipment and devices that generate electricity and not to any real property on which these devices are located. Any grand list impact will be dependent on how this land and equipment is currently being taxed.

Section 59 extends the reporting date on the solar consumer protection task force and has no fiscal impact.

Rate Payer Impact Statement:

There are several mechanisms within the amendment that will impact rate payers. However, it is estimated that the various changes within the amendment will (on average) result in a savings to individual rate payers.

The amendment authorizes up to $125 million in general obligation bonds in FY 26 and $125 million in FY 27 to pay for reducing the annual cost of hardship protection measures and other hardship protections under the Systems Benefits Charge, this will result in savings to rate payers.

Additionally, the amendment authorizes up to $30 million in general obligation bonds for FY 26 and $20 million for FY 27 to fund the EV charging program. This results in direct incentives to customer who qualify for the program. Additionally, capping the EV charging program at $20 million per year (rather than maintaining an uncapped program) results in a rate payer savings.

It is estimated that the securitization of financed utility services will save approximately $105 million in storm costs and $30 million in advanced metering savings, spread across CT rate payers.

Additionally, it is estimated that removing biomass and making changes to the Class I portfolio would yield significant savings to the system. In FY 22 there was an estimated $62 million in renewable energy credits associated with these resources.

Generally, grid enhancing technologies reduce costs to rate payers. Grid enhancing technologies can reduce utility capital investment and reduce distribution system costs, which can be reflected as savings to rate payers. Additionally, grid enhancing technologies lower energy costs and improve the benefits of updating and investing in various capital projects by EDCs.

There are several other mechanisms within the amendment that aim to achieve rate payer savings. However, the scope of the savings would ultimately be dependent upon decisions made by EDCs, and market driven forces outside of the immediate scope of the amendment.