
OLR Bill Analysis

sHB 5245

AN ACT CONCERNING MUNICIPAL ELECTRIC AGGREGATION PROGRAMS.

SUMMARY

This bill authorizes municipalities to procure electric supply and related energy products through municipal aggregation programs. Currently, electric distribution company (EDC, Eversource or United Illuminating) customers may choose to purchase electric supply through a third-party supplier or through standard service from the EDC. Generally, under the bill, EDC customers in a municipality that establishes a municipal aggregation program instead purchase electric supply the municipality procures, unless the customer opts not to (“opts out”) and with certain other exceptions.

Existing law allows municipalities to act as electric aggregators by gathering electric customers to negotiate electric generation service purchases from an electric supplier, so long as the customer contracts directly with the electric supplier and the municipality does not purchase or resell these services. By law, these aggregators are not subject to laws on electric suppliers, including licensure requirements and consumer protections. Existing law does not generally authorize these aggregators to automatically enroll customers.

The bill establishes a separate framework for municipal aggregation programs, allowing municipalities to form a public aggregator, which can enter into contracts for energy products and set terms and conditions for program services and offerings. The bill similarly exempts these public aggregators from electric supplier requirements (§ 3).

To establish a municipal aggregation program, the bill requires a municipality (or multiple municipalities acting jointly) to (1) develop a

municipal aggregation plan that generally details the process for electric load aggregation and its consequences, among other things, (2) hold at least one public hearing, and (3) get approval for the plan from the municipality's legislative body and chief executive officer.

Certain customers are automatically enrolled in the program if they receive electric service in an area served by a municipal aggregation program (the "municipal aggregation service area"). The bill excludes from automatic enrollment hardship customers and customers who already contract with electric suppliers, among others. The bill establishes notice requirements for (1) auto-enrolled customers before enrollment and (2) changes to program services or rates.

Under the bill, an eligible customer's participation in the program is voluntary. The bill requires a municipal aggregation program to allow any electric customer to opt out and choose an electric supplier or provider, including standard service. It prohibits customer penalties for opting out within 180 days after enrolling in the municipal aggregation program.

The bill requires the Public Utilities Regulatory Authority (PURA) to approve certain customer communications and allows PURA to order fines or customer restitution for violations of the bill's provisions. The bill specifies that providing energy products to electric customers within a municipal aggregation service area is not a wholesale utility transaction (which are generally under federal jurisdiction).

The bill requires EDCs to share (1) certain customer account information with a public aggregator and (2) meter data. Each program supplier (generally, a licensed electric supplier providing energy products under the program) must report annually to the public aggregator on program information for the preceding calendar year.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2026

MUNICIPAL AGGREGATOR PROGRAM

Public Aggregator Powers

The bill authorizes a municipality (or multiple municipalities acting jointly) to form a public aggregator under a municipal aggregator program. Under the bill, municipalities may form a public aggregator to group residential and commercial electric customers receiving standard service from an EDC to solicit bids, broker, and contract for electric supply, community distributed generation, or community demand response incentives for this group of customers. A community demand response incentive is designed to promote changes in customer electricity usage in response to (1) the price of electricity over time (for example, through time-varying rates) or (2) times when the wholesale price of electricity is abnormally high or when grid reliability is jeopardized. The bill does not define community distributed generation.

Under the bill, public aggregators are not public service companies, which means, among other things, that they are not subject to rate regulation by PURA. Public aggregators may enter into agreements for services to facilitate energy product sales and purchases, including renewable energy certificates. The bill also authorizes them to enter into contracts on behalf of a municipal aggregation program. Presumably, these include agreements with (1) consultants, which are any person or entity a municipality retains to help develop a municipal aggregation plan and operate a public aggregator and (2) program suppliers, which are licensed electric suppliers that provide energy products (electric supply, community distributed generation, or community demand response incentives) to municipal aggregation customers.

The bill authorizes public aggregators to establish practices, terms, and conditions of program offerings and services, which, under the bill, are not subject to PURA's approval. These include:

1. rates to support the program, including provision of energy products;
2. supply terms;

3. the program's start date;
4. energy product offerings, including any periodic changes in their price or composition;
5. contract terms and conditions for energy products;
6. the format and delivery methods for any notice to program customers;
7. a program website; and
8. accommodating customers with limited English proficiency.

The bill also authorizes public aggregators to offer voluntary energy products (any energy product that a program participant only receives if he or she affirmatively selects it) at a higher rate than standard service.

PROGRAM ESTABLISHMENT, REVIEW, AND APPROVAL

To establish a program, municipalities must develop a municipal aggregation plan for review by their voters that generally details the process for electric load aggregation and its consequences, among other things. They must file these plans with PURA and get its approval for portions of the plans related to communications with customers.

Municipal Aggregation Plan Components

The bill requires municipal aggregation plans to generally describe the plan to implement the program. The plan must provide for universal access in the municipal aggregation service area, reliable service, and equitable treatment of all classes of electric customers. It must also include:

1. the public aggregator's organizational structure;
2. any proposed customer communications, including opt-out notices;
3. how the public aggregator will fund program administration and services under the program;

4. how program rates will be set and structured;
5. program participants' rights and responsibilities;
6. a plan for resolving complaints, including any arbitration or dispute resolution procedures that ensures that the public aggregator will participate in resolving complaints related to the program and not rely on PURA or an EDC to address them; and
7. the method for suspending or terminating the municipal aggregation program.

The plan must also include a public aggregator's intent to offer optional voluntary energy products and a description of any voluntary energy products it will offer. If the public aggregator has not yet determined whether to offer voluntary energy products when it submits the plan to PURA, the plan must identify and describe the factors and criteria the public aggregator will consider when making that determination.

Municipal Approval

Municipalities must have a 30-day public review period and hold at least one public hearing on the plan. After taking these actions, the municipality may establish a municipal aggregation program and create a public aggregator by (1) affirmative vote of the municipality's legislative body and (2) approval by the municipality's chief executive officer.

PURA Review and EDC Notification

Once the municipality establishes a public aggregator, it must submit the municipal aggregation plan to PURA. The bill requires PURA to approve or deny any proposed customer communications in the plan no later than 120 days after it receives the plan. "Customer communications" are any communication from a public aggregator to an electric customer that concern the implementation of a municipal aggregation plan or program. If PURA takes no action during that time, communications are deemed approved.

Within 14 days after PURA approves the customer communications, the bill requires the public aggregator to submit a plan implementation timeline to any EDC serving customers in the municipal aggregation service area. The public aggregator must also (1) submit monthly updates on plan implementation to the EDC until the public aggregator executes an agreement with a program supplier and (2) notify the EDC when it executes an agreement. The program supplier must give the EDC any information needed to enroll customers.

CUSTOMER ENROLLMENT

Auto-Enroll Customer Initial Enrollment

The bill allows the public aggregator to set the program's start date. Starting on the date when customers may begin enrolling, the bill requires auto-enroll customers to be transferred to the program according to the municipal aggregation plan's opt-out process.

Auto-enroll customers are automatically enrolled in a municipal aggregation program unless the customer opts out of enrollment. Auto-enroll customers do not include any customer who:

1. receives electric supply service from an electric supplier and does not receive standard service from an EDC;
2. is a hardship case (generally, customers with income under 60% of the state median income or customers who are seriously ill);
3. has arrearages deducted from the bill by the EDC through a matching payment program;
4. receives financial assistance from an EDC,
5. is otherwise subject to shutoff protections, or
6. indicated they do not want their information shared.

Existing law (1) requires EDCs to make customer information (names, addresses, phone numbers, and rate class) available to electric suppliers and (2) establishes a process for customers to inform EDCs that they do not want their information shared (CGS § 16-245o(a)).

Auto-enroll customer transfers must occur on either January or July meter read dates for these customers and at least 30 days after the public aggregator sends the customer an opt-out notice describing the customer's right to opt out of program enrollment. The bill requires a public aggregator to give written notice that the customer will be automatically enrolled in the program, has the right to opt out, and the deadline to opt-out without paying an opt-out penalty (see below). The notice must also prominently state (1) any program charges, (2) how the customer may receive standard service provided through the EDC, (3) that standard service is available to the customer without penalty.

Subsequent Enrollment

After auto-enroll customers are initially enrolled in the program, the bill requires subsequent enrollment of new auto-enroll customers or accounts within the municipal aggregation service area to be governed by the municipal aggregation plan's enrollment terms.

Opt-Out Requirements

The bill requires municipal aggregation programs to allow any electric customer to opt out and choose an electric supplier or provider, including standard service. Relatedly, the bill prohibits a public aggregator from prohibiting or restricting electric suppliers or EDCs from enrolling customers in the municipal aggregation service area.

The bill prohibits penalties for opting out within 180 days after enrolling in the municipal aggregation program. (Presumably, this means penalties may apply for opting out after 180 days, which appears to conflict with the bill's requirements that (1) auto-enroll customer notices state that standard service is available to customers without penalty (see above) and (2) rate or product change notices state that each program participant has the right, without penalty, to opt out of the program (see below).)

OTHER CUSTOMER COMMUNICATIONS

The bill requires public aggregators to deliver customer communications on the plan, including opt-out notices, to electric customers in the municipal aggregation service area, as approved by

PURA and consistent with the municipal aggregation plan.

To enable this delivery, the bill requires EDCs to give the public aggregator a current list of names, mailing addresses, email addresses, and service addresses for EDC customers in the municipal aggregation service area. The EDC must exclude from this list the customers excluded from auto-enrollment (for example, hardship customers, see above) and any customer who has a contract with the EDC that prohibits the customer from being automatically enrolled in the municipal aggregation program.

Program Product and Rate Changes Notice

The bill requires a public aggregator to notify program participants before changing energy products offered under the program or their rates. The notice must state that each participant has the right, without penalty, to opt out of the program or select another energy product available under the program, if applicable.

Program Supplier Communication

The bill allows program suppliers, under contract with and with approval from a public aggregator, to communicate with program customers and offer products that are separate from the energy products offered under the program.

EDC METER DATA

The bill requires EDCs to provide real-time interval meter data in 15-minute increments in comma-separated value format (an electronic format that separates data fields with numeric or text values using one or more specific characters, making it easy to search electronically). The EDC must provide this meter data (presumably, to the public aggregator) if it is available to the EDC and unless an electric customer has informed an EDC that the customer does not want account information shared.

REPORTING REQUIREMENT

The bill requires each program supplier to report annually to the public aggregator on information for the preceding calendar year,

including:

1. monthly enrollment statistics by customer class;
2. the number and percentage of customers that opted out of the program;
3. the number and percentage of customers that selected a voluntary energy product, if applicable; and
4. a description of each customer complaint and its disposition.

VIOLATIONS

The bill extends PURA's general enforcement authority to program suppliers, consultants, and public aggregators under the bill. The bill makes violations of its provisions, including unauthorized or deceptive customer communications, subject to existing law. Under existing law, PURA may prescribe up to \$10,000 in fines or restitution to customers for each offense. The bill allows PURA to prohibit a consultant or program supplier that violates the bill's provisions from providing further services to a public aggregator.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 24 Nay 2 (03/17/2026)