

---

---

## **OLR Bill Analysis**

### **HB 5340**

#### ***AN ACT CONCERNING RENEWABLE POWER GENERATION.***

#### **SUMMARY**

This bill creates new and successor renewable energy programs, including for residential and non-residential customers, shared clean energy facilities, and agrivoltaics, and makes other changes mostly in laws related to renewable energy, as described in the section-by-section analysis below.

EFFECTIVE DATE: October 1, 2026, except the provision on the solar consumer protection study is effective upon passage.

#### **§ 1 — RESIDENTIAL RENEWABLE ENERGY PROGRAM**

*Requires PURA to establish a successor program to replace the RRES program*

The bill requires the Public Utilities Regulatory Authority (PURA) to initiate a proceeding by July 1, 2027, to establish a successor program to the Residential Renewable Energy Solutions (RRES) program. The RRES program governs how residential utility customers are compensated for the energy their renewable energy systems (for example, solar panels) produce. The program began in 2022 and, by law, continues for six years.

In the proceeding to establish this successor program, PURA must consider findings from a past study done by the Department of Energy and Environmental Protection (DEEP) and PURA on the value of distributed energy resources (DER). By law and under the bill, these generally include customer-side and grid-side Class I resources, like wind or solar, and Class III resources (certain combined heat and power systems). Existing law required PURA to consider these findings when developing RRES and other renewable energy programs. The bill requires PURA to also consider the findings in the successor program proceeding, as well as how DERs impact the state's greenhouse gas

emissions reductions goals. It must issue a final order in the proceeding by April 1, 2028.

Under the bill, “residential customers” are customers who live in a:

1. single-family home;
2. two- to four-unit multifamily dwelling; or
3. multifamily dwelling with at least five units (a) where at least 60% of the units are occupied by residents who have income up to 60% of the area median income (AMI) for the municipality where the housing is located, as determined by the federal Department of Housing and Urban Development or (b) that PURA determines is affordable housing based on alternative metrics it sets.

### ***Tariffs and Rates***

Under the program, PURA must establish tariffs for each electric distribution company (EDC) (Eversource and United Illuminating) and rates for these tariffs. In doing so, it must consider:

1. a DER’s average installation cost,
2. costs and benefits to program participants and nonparticipating ratepayers,
3. the Comprehensive Energy Strategy (CES), and
4. the value of DERs’ benefits for electric grid reliability in the state.

PURA must also consider how to incorporate the following into rates set for any tariff under the residential successor program:

1. energy storage incentives that provide electric distribution benefits,
2. incentives concerning a distributed energy source’s location on the electric distribution system in a way that improves system reliability, and

3. other energy policy benefits identified in the CES.

### ***Netting Period***

PURA must establish the time period that will be used to calculate the net amount of energy produced by the DER and not consumed, which must be (1) in real time; (2) one day; (3) in any fraction of a day; or (4) in any period of time greater than one day, up to and including one month. In doing so, PURA must also assess whether to incorporate time-varying rates or other dynamic pricing.

### ***Eligible DERs***

Under the bill, EDCs must offer tariffs under the program, starting July 1, 2028, to purchase energy products generated by a DER that (1) emits no pollutants, (2) is on a customer's premises, and (3) has a nameplate capacity of up to 25 kilowatts. DERs must be designed not to exceed the customer's load at their individual electric meter, or for multifamily dwellings, the load of the premises, as determined by the EDC and under any rules PURA sets.

For multifamily dwellings with at least five units, DERs are only eligible to participate in the program if each dwelling unit receives an appropriate share of the benefits and no more than an appropriate share of benefits are used to offset any common area usage.

The bill requires PURA to initiate an uncontested proceeding on distributing DER benefits under the residential program.

### ***Customer Tariff Options***

Each EDC must offer residential customers a tariff for the purchase of any energy produced and not consumed in the netting period PURA establishes and any renewable energy certificates (RECs) generated by the energy resource, on a cents-per-kilowatt hour (kWh) basis.

For low-income customers or customers that live in multifamily affordable housing, the bill requires EDCs to offer, and customers to select, (1) the tariff described above for residential customers or (2) a tariff to purchase all energy and RECs on a cents-per-kWh basis. Under the bill, a "low-income customer" is a residential customer (1) with

income up to 60% of the state median income or (2) who lives in an affordable housing development, which is housing where people with annual income at or below the municipality's AMI pay no more than 30% of their income for housing. The bill allows PURA to adopt a different definition of "low-income customer" to align it with federal renewable energy incentive requirements.

PURA must set tariff terms and conditions consistent with the bill's requirements. The tariffs are subject to any PURA terms, conditions, or other stipulations, including stipulations on capacity rights. Under the bill, these tariffs have terms up to 20 years and EDCs must offer them until July 1, 2036.

### ***Cost Recovery and Credits***

EDCs must (1) recover their prudently and reasonably incurred costs incurred in implementing this program on a timely basis through a non-bypassable, fully reconciling electric rate component and (2) credit customers for any net revenues from the sale of products purchased under the tariffs in the same way.

## **§ 2 — NON-RESIDENTIAL RENEWABLE ENERGY PROGRAM**

*Requires PURA to establish a successor to the NRES program*

The bill requires PURA to initiate a proceeding by July 1, 2027, to establish a successor program to the Non-Residential Renewable Energy Solutions (NRES) program. The NRES program governs how non-residential utility customers (for example, commercial and industrial customers) are compensated for the energy their renewable energy systems produce. The program began in 2022 and, by law, continues until 2027.

Like the residential program, the bill requires PURA to consider the value of the DER study's findings and the impact of Class I renewable energy sources on the state's greenhouse gas reduction goals in the non-residential successor program proceeding. PURA must issue a final order in the proceeding by April 1, 2028.

### ***Tariffs and Rates***

PURA must set tariffs for each EDC and rates for these tariffs. In doing so, it must consider:

1. a DER's average installation cost,
2. costs and benefits to program participants and nonparticipating ratepayers,
3. the CES, and
4. DERs' values or benefits to electric grid reliability.

PURA must also consider how to incorporate the following into rates set for any tariff under the non-residential successor program:

1. energy storage system incentives that provide electric distribution benefits,
2. incentives concerning a distributed energy source's location on the electric distribution system in a way that improves system reliability,
3. preferences for developing distributed energy projects in distressed municipalities and brownfields,
4. solar canopy project incentives, and
5. other energy policy benefits identified in the CES.

***Netting Period***

PURA must establish the time period for calculating the net amount of energy produced by a DER and not consumed, which must be (1) in real time; (2) one day (3) in any fraction of a day; or (4) in any period of time greater than one day, up to and including one month. When setting the netting time period, PURA must also assess whether to incorporate time-varying rates or other dynamic pricing methods.

### ***Eligible DERs***

EDCs must offer tariffs under the program, starting July 1, 2028, for energy and RECs from a DER that:

1. emits no pollutants,
2. is located on a customer's premises (other than state, agricultural and municipal customers, see below),
3. is less than five megawatts in size, and
4. serves the EDC's distribution system.

To be eligible, DERs must be designed not to exceed the load at the customer's individual electric meter (or set of electric meters when they are combined for billing purposes) as PURA determines, unless the customer is a state, agricultural, or municipal (SAM) customer.

For SAM customers, the DER may also include the load of up to (1) five SAM beneficial accounts designated for virtual net metering and (2) five non-state or municipal benefit accounts if they are critical facilities, like hospitals, connected to a microgrid. Beneficial accounts are generally retail customers designated by a SAM customer to receive virtual net metering credits generated by its facility. The bill exempts SAM customers from the requirement that generation projects, including co-located storage facilities connected to the projects, be located on the customer's premises.

### ***Tariff Structure and Application Process***

EDCs must offer tariffs under the program, for the purchase of any energy produced and not consumed in the PURA-established netting period, on a cents-per-kWh hour basis, and any RECs an eligible DER generates. The tariff is subject to PURA's terms, conditions, or stipulations, including on capacity rights.

PURA must set tariff terms and conditions consistent with the bill's requirements. Under the bill, tariffs under this program have 20-year terms. The bill requires PURA to set tariffs to purchase energy on a

cents-per-kWh hour basis after any tariff terms expire. PURA must develop and implement an application process for anyone who seeks to use a tariff under the non-residential successor program.

PURA must set program eligibility criteria for DERs under the program, including whether an applicant has:

1. a lawful right to control the proposed site,
2. secured any required permit for installation or operation, and
3. secured any interconnection agreement or approval required to connect the resource to the electric grid.

EDCs must offer the tariffs for the non-residential successor program until July 1, 2036.

### ***Program Cost Caps***

The bill sets caps for the annual amount of money spent on the program. Specifically, for tariff years starting January 1, 2028, it caps the total aggregate procurement of energy products by EDCs under the program at \$25 million per year. It allows (1) any money not allocated in a given year to roll into the next year's available funds and (2) PURA to adjust the annual purchase amount of other procurement parameters to maintain program effectiveness. PURA must monitor the effectiveness of any procurements authorized under the program.

### ***Cost Recovery, Credits, and RECs***

EDCs must (1) recover their prudently and reasonably incurred costs incurred in implementing the program on a timely basis through a non-bypassable, fully reconciling electric rate component and (2) credit customers for any net revenues from the sale of products purchased under the tariffs in the same way.

Existing law requires PURA, in consultation with DEEP, to establish procedures to sell or retire RECs purchased under renewable energy programs (including RRES and NRES) and other energy procurements. The bill requires PURA to follow these procedures for RECs in the non-

residential successor program.

### **§ 3 — SHARED CLEAN ENERGY FACILITY PROGRAM**

*Requires PURA to establish a successor to the SCEF program*

The bill requires PURA to initiate a proceeding by July 1, 2027, to establish a successor program to the Shared Clean Energy Facility (SCEF) program. The SCEF program governs how utility customers who subscribe to a SCEF are compensated for energy products the facility produces. By law, the program continues until 2027.

#### ***Eligible Shared Clean Energy Facilities***

Under the bill, a shared clean energy facility is a Class I renewable energy source that emits no pollutants, is served by an EDC, has at least two subscribers, and has a nameplate capacity of up to five megawatts. PURA must allow cost-effective facilities of various sizes to participate and may allow multiple projects in each EDC's service area.

#### ***Eligible Customers***

The bill allows PURA to:

1. limit subscribers to low-income customers or residential customers located in an environmental justice community (see BACKGROUND);
2. require that no more than 40% of a facility's total capacity be sold to commercial customers;
3. prioritize program participation for low-income customers who have arrearages with their EDC; and
4. create incentives or other financing mechanisms to encourage low-income customer participation.

PURA must require the EDCs to submit plans for its approval on enrolling customers to any shared clean energy facility under the program, which may include automatic enrollment for certain customers and opt-out provisions.

### **Tariff Rates and Structure**

In its proceeding to establish this program, PURA must set a tariff that includes a price cap in cents-per-kWh or rates for eligible customers based on the CES's policy goals. These may include time varying rates or other dynamic pricing methods. (The bill allows the time periods to be the same as the netting periods described above for the residential and non-residential successor programs.) PURA may set additional tariff terms and conditions to implement the bill's requirements. PURA must issue a final order in its proceeding by April 1, 2028.

The bill requires PURA to examine incorporating the following into shared clean energy facility rates:

1. energy storage system incentives that provide electric distribution benefits,
2. incentives concerning a distributed energy source's location on the electric distribution system in a way that improves system reliability,
3. preferences for developing distributed energy projects in distressed municipalities and brownfields,
4. solar canopy project incentives, and
5. other energy policy benefits identified in the CES.

PURA must determine the billing credit for subscribers that may be issued through the EDC's billing systems and set consumer protections for subscribers (and potential subscribers), including requiring disclosures when selling or reselling a subscription.

The program must use one or more tariff mechanisms with the EDCs for 20-year terms, subject to PURA's approval, to pay for energy products and RECs produced by facilities or to deliver billing credits. Starting July 1, 2028, the bill requires EDCs to offer the tariffs to shared clean energy facility subscribers consistent with PURA's requirements.

EDCs must continue to offer shared clean energy facility tariffs until

July 1, 2036. When the tariff terms expire, PURA must set tariffs to buy energy on a cents-per-kWh basis.

### ***Program Cost Caps***

The bill caps the total amount of money that may be spent on the program each year. Specifically, for tariff years starting January 1, 2028, it caps the total aggregate procurement of energy products by EDCs under the program at \$16 million per year. It allows (1) any money not allocated in a given year to roll into the next year's available funds and (2) PURA to adjust the annual purchase amount of other procurement parameters to maintain program effectiveness. PURA must monitor the effectiveness of any procurements authorized under the program.

### ***Cost Recovery and Credits***

EDCs must (1) recover their prudently and reasonably incurred costs in implementing the successor program on a timely basis through a non-bypassable, fully reconciling electric rate component and (2) credit customers for any net revenues from the sale of products purchased under the tariffs in the same way.

## **§ 4 — TASKFORCE ON CONSUMER PROTECTION FOR SOLAR CUSTOMERS**

*Expands the scope of the task force's study and extends its reporting deadline to February 1, 2027*

Existing law establishes a 17-member task force to examine and recommend ways to improve disclosure requirements and consumer protections for solar customers, including whether special protections are needed for low-income customers or senior citizens. The bill expands the study's scope by additionally requiring it to examine:

1. licensing requirements by contractors who engage in solar electricity work and
2. requirements on audits or other ways to ensure that contractors or others who sell or lease solar facilities comply with applicable laws or regulations.

The bill extends the study's due date to February 1, 2027, when the

task force must report its findings to the Energy and Technology and General Law committees. The task force terminates on this date or when it submits its study, whichever is later.

## **§ 5 — PORTABLE SOLAR GENERATION DEVICES**

*Defines portable solar generation devices and exempts them from certain requirements related to interconnection and EDC approval*

The bill exempts portable solar generation devices from certain requirements related to interconnection and EDC approval. Under the bill, a “portable solar generation device” is a solar photovoltaic generation device that:

1. is not permanently affixed to a structure;
2. has a maximum power output of up to 1,200 watts;
3. is designed to be connected to a building’s electric system through a standard 120 volt alternating current outlet located behind a customer’s electric meter;
4. is intended primarily to offset part of the customer’s electricity consumption;
5. meets State Building Code requirements;
6. is certified by Underwriters Laboratories or an equivalent nationally recognized testing laboratory; and
7. includes a device or feature that prevents the system from energizing the building’s electric system during a power outage.

The bill exempts these devices from any requirement on interconnection agreements imposed by PURA regulations or decisions, as long as only one device is used behind a customer’s electric meter.

The bill also prohibits EDCs from requiring a customer using a portable solar generation device to (1) get the company’s approval before installing or using the system or (2) install additional controls or equipment (beyond what is integrated into the system), as long as not

more than one device is used behind a customer's electric meter. The bill also prohibits EDCs from being liable for any damage or injury caused by a portable solar generation device.

## **§ 6 — AGRIVOLTAICS PROJECTS**

*Defines agrivoltaics projects and requires DEEP to implement a tariff-based agrivoltaics program by July 1, 2027*

The bill requires DEEP to implement a program to support agrivoltaics projects in the state by July 1, 2027. An "agrivoltaics project" is a solar photovoltaic system with a nameplate capacity over one megawatt that is located on land in actual use for farming or agricultural operations.

### ***Project Applications and Approvals***

DEEP must prescribe an application for anyone seeking to participate in the program. Under the bill, applicants must:

1. demonstrate that the proposed project location is on land that has not been cleared or otherwise converted from forest land to another use in the previous five years (though DEEP may waive this requirement, see below);
2. provide a stormwater management plan for the proposed site;
3. submit a plan detailing the site's proposed agricultural use; and
4. provide a soil analysis for the proposed site, at DEEP's request.

The bill allows DEEP to waive the first requirement if, in consultation with the Department of Agriculture, the DEEP commissioner determines that the clearing or conversion and development of an agrivoltaics project will have no adverse environmental impact in the community and that the project will increase electric grid reliability in the community.

Under the bill, "forest land" is the same land eligible to be classified under the "PA 490 program" (which allows eligible land to be assessed for property tax purposes based on its current use value, rather than its fair market value). Specifically, it is eligible land that consists of (1) one

tract of land of 25 or more contiguous acres, (2) at least two tracts totaling at least 25 acres in which no single tract is less than 10 acres, or (3) any tract contiguous to a forest land tract owned by the same owner if it meets the law's standards.

To approve a project, the DEEP commissioner must also determine that:

1. based on any analyses of soil samples or the agricultural plan, the project will be viable for energy generation and productive agricultural use; and
2. installing solar photovoltaic components used in the agrivoltaics project will not result in unnecessary removal of topsoil or vegetation from the site, excessive excavation to install foundations for panel support structures or electrical wiring trenches, or disturbance of any wetlands or watercourse.

### ***Tariff Proposal and Review***

The bill requires the DEEP commissioner to develop a tariff proposal and submit it to PURA by March 1, 2027. The proposal must include rates for energy generated by an agrivoltaics project, and any other terms or conditions the DEEP commissioner deems necessary to implement the bill's provisions. Under the proposed tariff, EDCs must be entitled to recover all reasonable costs and expenses they prudently incur to implement and operate the program through a reconciling electric rate component, as PURA determines.

PURA must approve or modify DEEP's tariff proposal by May 1, 2027. The bill also requires the EDCs to submit any tariffs proposed under the section applicable to an agrivoltaics project and any proposal to recover costs associated with administering the program to PURA by July 1, 2027. (Presumably, the EDCs must submit rates or proposals that are in accordance with DEEP's tariff.)

### ***Reporting Requirements and Regulations***

Agrivoltaics project owners or operators approved to participate in the program must report annually to the DEEP commissioner, as the

commissioner prescribes, on agricultural yields, livestock grazing, or other agricultural activities connected to the project.

DEEP may adopt regulations to set procedures and guidelines to implement these provisions.

## **§ 7 — ENVIRONMENTAL JUSTICE SOLAR PROGRAM**

*Requires DEEP to establish a two-year pilot program to install low- or no-cost residential solar at 100 households located in any environmental justice community*

The bill requires the DEEP commissioner, in consultation with EDCs, to establish a two-year pilot program to support the installation of residential solar photovoltaic systems for environmental justice community residents. The pilot program must be designed to install low- or no-cost systems for 100 households in these communities.

The DEEP commissioner may (1) enter into an agreement with a licensed contractor to install systems under the program and (2) give priority to a minority-owned business when selecting a contractor (presumably, following state contracting laws). She must report by December 1, 2028, to the Energy and Technology and Environment committees on the program's impact, her recommendation on whether a permanent program should be established, and any legislation that would be needed to do so.

## **§ 8 — HARDSHIP CUSTOMERS AND ELECTRIC SUPPLIERS**

*Specifies that existing provisions related to limits on electric supplier rates only apply to hardship customers*

Current law allows hardship and certain other customers to enroll with an electric supplier, as long as all supplier rates are no higher than the standard service offer for the duration of the contract. The bill specifies that this limit applies to electric supplier contracts with the same hardship customers and other customers authorized to enroll under this law (hardship customers, customers with arrearages deducted from their bills through a matching payment program, customers who receive other financial assistance from an EDC, or customers who are otherwise protected by law from shutoffs).

Current law also allows PURA to initiate a docket to order all

customer contracts with electric suppliers to comply with appropriate limitations PURA deems necessary. The bill explicitly narrows this authorization to only apply to hardship customer contracts. Under current law, if PURA initiates this docket, it must reopen it every two years. The bill specifies that it must reopen it every two years to determine whether the order remains necessary. It makes other technical and conforming changes.

**BACKGROUND**

***Environmental Justice Communities***

By law, an environmental justice community is a (1) U.S. census block group in which at least 30% of the population consists of non-institutionalized, low-income people with incomes below 200% of the federal poverty level or (2) distressed municipality (CGS 22a-20a).

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable

Yea 18    Nay 8    (03/19/2026)