

# Connecticut's New Clean Energy Tariff Programs

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Chairman

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Connecticut Public Utilities Regulatory Authority

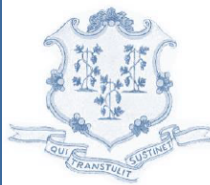
# Public Act 19-35 (Bill Text)

- Places statutory end date on current net metering of December 31, 2021
- Authorized expansion of RSIP to 350 MW (from 300 MW)
  - CGB later added RSIP-E to support additional ~30 MW
- Directed PURA to open a proceeding to establish a successor program
- Directed the electric utilities to offer new program + tariffs starting January 1, 2022



# Equitable Modern Grid Framework

On October 2, 2019 PURA released its  
***Framework for an Equitable Modern Grid***  
in Docket No. 17-12-03



## STATE OF CONNECTICUT PUBLIC UTILITIES REGULATORY AUTHORITY

**For Immediate Release**

### **Connecticut Public Utilities Regulatory Authority Announces Landmark Equitable Modern Grid Framework**

*Decision expected to transform electric sector in the state*

(New Britain, CT – October 3, 2019) – In a decision expected to have far-reaching implications for the state's electric sector and green economy, the Public Utilities Regulatory Authority (PURA or the Authority) voted yesterday to approve its plan to modernize the electric grid. The unanimous [decision](#) outlined PURA's vision for the next several years, including a framework for achieving an Equitable Modern Grid to benefit all Connecticut ratepayers. Next steps on the eleven near-term pathways identified by the decision begin this month, with all investigations targeted to realize four main objectives.



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# Objectives of the Framework



# **New Residential Tariff Program – Program Objectives**



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# Resi Program: Objectives

- Stakeholder-Vetted Objectives:
  1. The sustained, orderly development of the state's solar industry, ensuring historical deployment (~50-60 MW per year);
  2. Achieve a 100% zero carbon electric grid by 2040, including promoting additional annual deployment as needed;
  3. Balance participant costs and benefits with non-participant costs and benefits and electric system costs and benefits;
  4. Ensure accessibility for customers, by providing customer protections, and also through simplified program designs; and,
  5. Increased inclusivity overall, as well as program participation by LMI customers and customers in EJ communities.



# Resi Program: Objectives

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Fiscal Year	Completed Projects	Investment (\$'s MM)	Installed Capacity (kW)
2016	9,589	\$314.5	73,529
2017	5,113	\$146.9	40,604
2018	4,444	\$124.4	35,387
2019	6,295	\$186.0	52,521
2020	6,594	\$201.3	56,870
<b>5-Year Total</b>	<b>32,035</b>	<b>\$973.1</b>	<b>258,911</b>
<b>5-Year Avg</b>	<b>6,407</b>	<b>\$194.6</b>	<b>51,782</b>



# Resi Program: Objectives

- Stakeholder-Vetted Objectives:
  3. Balance participant costs and benefits with non-participant costs and benefits and electric system costs and benefits;

Docket No. 20-07-01

Page 40

### **3. Annual Residential Tariff Program Review and Rate Setting Proceeding**

The Authority will initiate a docket annually to review the Residential Tariff program and set the Residential Tariffs rates, any separate REC payments, and any fully, non-bypassable charges for program applications received during the following calendar year.<sup>52</sup> Typically, this docket will be initiated on or around August 1<sup>st</sup> of each year.<sup>53</sup> Simultaneously, the EDCs shall file the information required in Section III.C.6.a. in said docket on or around August 1<sup>st</sup> of each year (i.e., within one business day of August 1<sup>st</sup>). In their filing, the EDCs shall make public as much of the information as possible.





# Resi Program: Objectives

- Stakeholder-Vetted Objectives:
  4. Ensure accessibility for customers, by providing customer protections, and also through simplified program designs; and,
  5. Increased inclusivity overall, as well as program participation by LMI customers and customers in EJ communities.

## Available Incentive Adders

Applicants may qualify for one of two potential adders at time of application; adder remains for 20-year term

### Income-Eligible Adder

\$0.025 / kWh

Income at or below 60% SMI

Customer is qualified via proof of income or participation in qualifying program.

Source: <https://uwc.211ct.org/connecticut-state-median-income-2013/>

Or

### Economically-Distressed Community Adder

\$0.0125 / kWh

Available to projects located communities defined as Distressed or Environmental Justice Communities per DECD.

Source: <https://portal.ct.gov/DEEP/Environmental-Justice/Environmental-Justice-Communities>



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# New Residential Tariff Program

## – February 10, 2021 Decision



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# Resi Program: Summary

- Successor to both net metering + RSIP programs
  - Uncapped deployment (aim = ~60 MW/year)
  - Utility administered program
- Program will begin in 2022; running through 2027
  - Tariffs will be offered starting January 1, 2022
- Additional statutory requirements (16-244z(b)):
  - CT Class I Renewable Resource up to 25 kW-AC
  - Twenty-year tariff term, includes energy *and* RECs
  - Two tariff options: “Buy-All” Tariff + Netting Tariff



# Resi Program: Tariff Options

- **NEW** “Buy-All” tariff:
  - Fixed (or flat) compensation over 20-year term
  - Payments applied to customers bill w/ annual cash outs
- **CHANGE** Netting tariff:
  - Similar to current NEM – energy production netted w/ usage on a monthly basis; excess to grid compensated at retail rate
    - Compensation provided on customer bills as monetary credit
  - Monetary credits continually roll over until service terminated
  - *Potential* REC payments would be made directly to customer or third-party no less than annually



# Resi Program: Direct Payments

- **NEW** Direct, Third Party Payments:
  - Customers determine the portion paid to third parties through certification process
    - Under “buy-all” tariff: both energy and REC compensation
    - Under netting tariff: just 100% of REC compensation
  - Paid to third party at least quarterly (monthly for UI)
- Why does this matter?
  - Could simplify customer engagement/calculations
  - Utilities now “oftaker”; mitigates credit worthiness issues



# New Non-Residential Tariff Program



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# New Program: Statutes / Objectives

- §16-244z of the General Statutes of Connecticut
  - Primarily 16-244z(a), but also (c), (d), and (e)
- **NEW** Stakeholder-Vetted Objectives:
  - The sustained, orderly development of the state's Class I renewable energy industry;
  - The deployment of the full MW allowable under statute;
  - Ensuring least-cost outcomes through annual solicitations;
  - Enabling program accessibility for customers through simplified program and tariff designs; and
  - Encouraging increased customer inclusivity overall.



# New Program: Summary

- Successor to both the LREC/ZREC + VNM programs
  - 60 MW per year; utility administered program
- Program began Jan. 2022; running through 2027
  - One solicitation in 2022, issued on February 1<sup>st</sup>
  - Two solicitations in subsequent years (2023-2027)
- Per Statute:
  - CT Class I Renewable Resource up to 2 MWs
  - Annual solicitation(s) for both energy + RECs
  - Twenty-year tariff term
  - Two tariff options: “Buy-All” Tariff + Netting Tariff





# New Program: Tariff Options

- **NEW** “Buy-All” tariff:
  - Similar to Power Purchase Agreement / FiT
  - Fixed (or flat) compensation over 20-year term
  - Quarterly payments for both energy and RECs
- **CHANGED** Netting tariff:
  - Similar to current NEM – energy production netted w/ usage on a monthly basis; excess to grid compensated at retail rate
    - Compensation provided on customer bills as monetary credit
  - Separate REC bid and quarterly payments



# New Program: Size Categories

- **CHANGED** 2MW (AC) cap for low + zero emission project
- Zero emission projects eligible for low emission category
- **CHANGED** Zero emission categories:
  - Large ZREC – 600-2,000 kW
  - Medium ZREC – 200-600 kW
  - Small ZREC – Up to 200 kW

Size Category Comparison		
Category	NEW Project Size	LREC/ZREC Project Size
Low Emission Projects	$\leq 2,000$ kW	$\leq 2,000$ kW
Small Zero Emission Projects	$\leq 200$ kW	$\leq 100$ kW
Medium Zero Emission Projects	$>200$ kW $\leq 600$ kW	$>100$ kW $\leq 250$ kW
Large Zero Emission Projects	$> 600$ kW $\leq 2,000$ kW	$> 250$ kW $\leq 1,000$ kW



# New Program: Competitive Process

- The Decision authorizes annual competitive solicitations (i.e., auctions) for the low emission and large/medium zero emission project categories
  - Both § 16- 244z(b) and (c) reference the “competitive” solicitations authorized under Conn. Gen. Stat. § 16-244z(a)
  - Also consistent with the intention of creating a successor to the LREC/ZREC Program + maximizing public / social outcomes
- **CHANGED** Solicitations will issued in February for sixty percent of the available capacity, and August for the remaining forty percent plus any remaining capacity



# New Program: Small Zero Emission

- Due to the administrative burden of a competitive solicitation on smaller projects, and consistency with current LREC/ZREC program, the price for small zero emission projects will be administratively set
- Details:
  - First-come, first-serve basis
  - **NEW** Zero Emission tariff rate for 2022 will be set at current Small ZREC compensation; utilities to submit calculation, PURA to solicit stakeholder feedback
  - For subsequent years, the Authority will establish a methodology based on medium zero emission project pricing



# New Program: Bid Comparison

- **NEW** “Buy-All” and Netting Tariff bids will be directly compared and selected based on total bid
  - Methodology will compare “Buy-All” bid (energy + RECs) with netting tariff REC bid + the netting tariff customer’s retail rate
  - Utilities to submit methodology for PURA / stakeholder review
- PURA determined most aligned with objectives given:
  - The statute requires: a competitive process; and both tariff options be offered
  - Monthly netting interval
  - Four project size categories based on stakeholder input; size categories set based on similar input



# New Program: Equity + Bid Adders

- PURA approved bid adders for landfills and brownfields at twenty (20) percent for Year 1; EDCs to proposed adder amount for “distressed muni.” by Oct. 1, 2021
  - Bid adders are for selection purposes only
- **NEW** Future process on renewable energy at affordable housing units (See, Public Act 21-48)
- **NEW** Price cap set at small emission project category rate



# ICYMI: Other New Programs

- Statewide electric storage program – Effective Jan. 1, 2022 ([Press Release](#); [Decision](#))
- Statewide electric vehicle infrastructure program – Effective Jan. 1, 2022 ([Press Release](#); [Decision](#))
- New small business electric tariff for Eversource customers – Effective Nov. 1, 2021 ([Decision](#))



# Questions?

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# Appendix



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# **New Residential Tariff Program**

## **– October 6, 2021 Decision**



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# Resi Program: Tariff Calculator + Rates

- Reaffirmed 9-11% IRR (unlevered) + rate setting principles
- Authorized [Residential Tariff Model](#) + inputs (pp. 6-14)
- Authorized the following tariff rates (p. 14):

Table 3: 2022 Residential Tariff Rates		
	Buy-All Rate (\$/kWh)	Netting REC Rate (\$/kWh)
<b>Eversource</b>	\$0.2943	\$0.0318
<b>United Illuminating</b>	\$0.2943	\$0.0000
Low-Income Adder		\$0.025
Distressed Municipality Adder		\$0.0125

- Provided another way:

	Buy-All Rate (\$/kWh)	Netting REC Rate (\$/kWh)
<b>Eversource</b>	\$0.2943	\$0.0318
w/ Low-Income Adder	\$0.3193	\$0.0568
w/ Distressed Municipality Adder	\$0.3068	\$0.0443
<b>United Illuminating</b>	\$0.2943	\$0.0000
w/ Low-Income Adder	\$0.3193	\$0.025
w/ Distressed Municipality Adder	\$0.3068	\$0.0125

