

CONNECTICUT GreenGuide

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Expanding Clean Energy

New laws clear obstacles from renewable projects

By Matthew Ranelli

A lot has been written, and justifiably so, about the successes of Connecticut's green bank, the Clean Energy Finance & Investment Authority. It is a first-in-the-nation model for statewide clean energy finance authorities. Through a confluence of timely legislation and talented professional staff, the green bank has implemented an impressive string of successful programs accelerating the flow of private capital into clean energy projects at a ratio of \$9 for every \$1 of public funds, yielding 27 megawatts of generation capacity on \$220 million invested in 2013.

While it is clear that something special is occurring at the green bank, a number of legislative changes that have received less notice but collectively are equally important in expanding the reach of clean energy projects in Connecticut.

On-Bill Financing: Public Act 13-298 requires the state and utilities to establish an on-bill financing program to allow residential customers to take out loans (using private capital) for clean energy projects and to repay those loans through a charge on the customers' gas or electric bills. The loan repayment amount on the monthly bill must not be more than the savings anticipated from the project, and the duration of the payments must not exceed the average expected life of the project.

Virtual Net Metering: Connecticut has long allowed traditional net metering of behind-the-meter clean energy facilities to, in effect, run the electric meter backwards when the system is generating excess power to be used later. Virtual net metering allows the owner to essentially wheel the power (in the form of a slightly discounted billing credit) to the owner's other properties if the power cannot all be used on site. Public Act 11-80 authorized municipalities to own virtual net metering facilities and share the power with up to five beneficial accounts. Public Act 13-298 made small but



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important changes to allow (1) state agencies and agricultural users to participate; (2) certain critical facilities to be beneficial users; and (3) municipalities to lease or enter into long-term contracts for the clean energy facilities rather than owning them. The end result is to expand the number of sites that can install clean energy facilities.

Submetering: Historically, uses such as large multi-family residential projects encountered difficulties pursuing behind-the-meter clean energy projects because the building owner was not able to install submeters and bill tenants for the energy used. Public Act 13-298 authorized submetering, thereby allowing building owners to take advantage of economies of scale when designing their projects.

Property Tax Exemption: In Public Act 13-61, the legislature exempted certain clean energy projects from local property tax. Systems installed after Jan. 1 are exempt, and towns have an option to exempt installations as far back as Jan. 1, 2010. The exemption makes it easier to achieve cost parity with traditional power.