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PRATT'S

# ENERGY LAW

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# A Look at Connecticut's 2017 Comprehensive Energy Strategy

*By David W. Bogan and Kathryn Boucher\**

*The Connecticut Department of Energy and Environmental Protection recently released its draft 2017 Comprehensive Energy Strategy. The authors of this article explain the Comprehensive Energy Strategy, which focuses on three sectors: electric power, buildings, and transportation.*

The Connecticut Department of Energy and Environmental Protection (“DEEP”) recently released its draft 2017 Comprehensive Energy Strategy<sup>1</sup> (“CES” or “Strategy”). DEEP is required to prepare this policy assessment pursuant to Connecticut General Statutes § 16a-3d and update it every three years.

The statute requires that DEEP assess and plan for all energy needs in the state, including, but not limited to, electricity, heating, cooling, and transportation. DEEP must incorporate other Connecticut energy planning documents into the Strategy, including the Integrated Resources Plan and the Conservation and Load Management Plan. DEEP is further required to consider paths to achieve the least-cost mix of energy supply sources and measures that reduce demand for energy, giving due regard to such factors as consumer price impacts, security and diversity of fuel supplies, public health and safety, environmental goals, conservation of energy resources and the state's economy.

## **BACKGROUND**

DEEP was created in 2011, when Governor Dannel Malloy merged the Departments of Environmental Protection and Public Utility Control. Energy staff was split between an energy policy wing, and the independent quasi-judicial Public Utilities Regulatory Authority (“PURA”).

The newly-minted DEEP Bureau of Energy and Technology Policy released the first CES for public comment in 2012. Finalized in 2013,<sup>2</sup> the Strategy focused on five areas:

- 1) energy efficiency;

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<sup>1</sup> <http://www.ct.gov/deep/energystrategy>.

<sup>2</sup> [http://www.ct.gov/deep/lib/deep/energy/cep/2013\\_ces\\_final.pdf](http://www.ct.gov/deep/lib/deep/energy/cep/2013_ces_final.pdf).

- 2) industrial energy needs;
- 3) electricity supply;
- 4) natural gas; and
- 5) transportation.

The 2017 CES narrows its focus to three sectors: Electric Power, Buildings, and Transportation.

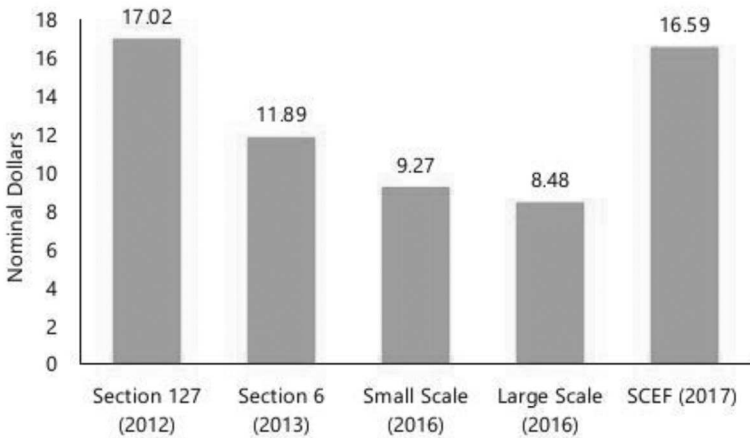
### **ELECTRIC POWER SECTOR**

The CES opens with a primer on the regional electric grid, focusing on issues that have led to overreliance on natural gas as New England's primary generating fuel. DEEP advances electric sector recommendations while keeping an eye on the goals of Connecticut's Global Warming Solutions Act, which requires the state to reduce greenhouse gas emissions by 10 percent from 1990 levels by 2020 and 80 percent from 2001 levels by 2050.<sup>3</sup> In order to meet these ambitious goals, DEEP recommends that the state dramatically decarbonize its energy usage.

Many of the Electric Power Sector recommendations focus on this goal, including expanding the state's Renewable Portfolio Standard to 30 percent Class I renewables by 2030 and phasing down the percentage of sustainable biomass and landfill methane gas renewable energy certificates ("RECs"). The Strategy highlights the decreasing cost of renewable energy, both at grid-scale and behind-the-meter.

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<sup>3</sup> Conn. Gen. Stat. § 22a-200a.

**FIGURE E9: Cost of Clean Energy Programs, SCEF and Grid Side (nominal dollars)**

**Source:** DEEP analysis

DEEP's Electric Power Sector recommendations include:

- An expansion of the state's Renewable Portfolio Standard beyond 2020 to 30 percent Class I by 2030.
- Multiple strategies to achieve balanced deployment of renewables at the least cost to ratepayers, including:
  - Revisions to net metering rules to better reflect the value that resources provide to the system through renewable energy tariffs;
  - Additional state-run grid-scale competitive procurements; and
  - Establishing a schedule and amount for grid-scale and behind-the-meter resource mix and pricing caps.
- Evaluation of scenarios considering nuclear retirement and retention of Connecticut's Millstone Station. On July 25, 2017, Governor Malloy issued Executive Order No. 59,<sup>4</sup> directing DEEP and PURA to conduct a resource assessment to evaluate the current and projected economic viability for the continued operation of the Millstone nuclear generating facilities.

<sup>4</sup> <http://portal.ct.gov/en/Office-of-the-Governor/Press-Room/Press-Releases/2017/07-2017/Gov-Malloy-Signs-Order-Directing-a-Resource-Assessment-on-the-Millstone-Generating-Facilities>.



- DEEP and PURA will conduct a joint proceeding<sup>5</sup> under PURA Docket 17-07-32 to implement the Governor's Executive Order.
- Better tracking and disclosure of voluntary renewable offers in the retail electric market. DEEP would like to see PURA establish a market for REC-only offerings that could be unbundled from generation supply.
- Convening a working group to implement best practices to optimize siting of renewable facilities in Connecticut. DEEP intends to work closely with other agencies, including the Departments of Agriculture and Economic and Community Development, and the Office of Policy and Management.
- A recommendation that PURA initiate a generic proceeding on grid modernization and adaptation of the utility business models to reflect the modern grid.

## **BUILDINGS SECTOR**

This chapter of the CES discusses the energy needs of the state's building infrastructure, including residential, commercial and industrial segments. Connecticut's energy efficiency programs are developed through the Conservation and Load Management plan and overseen by the Connecticut Energy Efficiency Board.<sup>6</sup> DEEP's Buildings Sector recommendations include:

- Continued procurement of energy efficiency as a resource.
- Coordinated deployment of energy assistance and energy efficiency to reduce the affordability gap in low-income and multi-family households.
- Increasing efforts to maximize customer awareness of energy issues through the Energize Connecticut initiative and working with realtors to bring energy usage into the conversation at the time of property sale.
- Examination of a method for oil and propane customers to contribute to efficiency programs. Currently only electric and gas ratepayers pay into the Energy Efficiency Fund. Notably, DEEP does not recommend increases in ratepayer funded efficiency programs.
- A recommendation that PURA reopen a docket on advance meters and that the state's electric utilities prepare an updated analysis of the costs and benefits of advanced meters and consider available technologies that can be phased-in over time.
  - DEEP also encourages mandatory time of use rate structures

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<sup>5</sup> <http://www.ct.gov/pura/docketsearch>.

<sup>6</sup> <https://www.energizect.com/connecticut-energy-efficiency-board>.

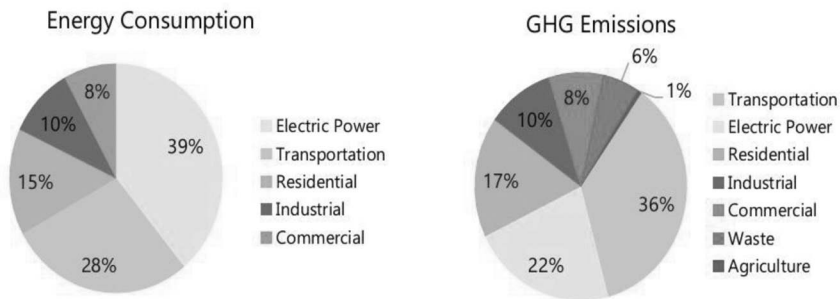
with optional dynamic rates to optimize any advance meter deployment.

- An evaluation of district heating to assess its potential in certain circumstances. Governor Malloy recently vetoed HB 6304<sup>7</sup> which required PURA to evaluate district heating proposals from certain developers.

## TRANSPORTATION SECTOR

The final chapter in the 2017 Strategy discusses transportation. Emissions from the transportation sector represent the largest portion of Connecticut's State Energy Profile. As Connecticut's transportation sector transitions toward decarbonization, Connecticut consumers will increase energy demand on the system.

**FIGURE ES1: Connecticut Energy Consumption and GHG Emissions by Sector**



**Source:** United States Energy Information Administration

DEEP's Transportation Sector recommendations include:

- Development of an Electric Vehicle Roadmap to accelerate consumer adoption of low- and zero-emissions vehicles;
- Advocacy for implementation of federal vehicle fuel economy standards;
- Support for the Department of Transportation Let's Go CT!<sup>8</sup> initiative;
- Encourage and support smart-growth, transportation-oriented development, mixed-use planning, and development efforts that improve connectivity and accessibility to public transit.

## NEXT STEPS

PURA must comment on the Strategy's impact on electric and natural gas ratepayers. DEEP is seeking stakeholder input on the 2017 CES within the next

<sup>7</sup> <http://portal.ct.gov/-/media/109A0C06A50A4383940992D0528F49C6.pdf>.

<sup>8</sup> <http://www.transformct.info/>.

60 days. DEEP plans to hold a series of public and technical meetings and the agency accepted written comments until September 25, 2017.