

PROBLEM STATEMENT

The Public Benefits line item on customers' utility bills includes a number of discrete costs related to investments that help to manage and improve the reliability of the electricity grid and cover the costs of providing electric service. The Public Benefits charge has been the subject of a concerted misinformation campaign designed to eliminate these investments. This would have serious adverse consequences for Connecticut ratepayers.

WHAT'S INCLUDED IN THE PUBLIC BENEFITS SECTION OF YOUR BILL?

The public benefits charge, under normal circumstances, is quite modest and includes a number of programs designed to benefit customers and improve the reliability of the electric grid, including charges mandated by the Federal Energy Regulatory Commission.

The components of the Combined Public Benefits Charge are:

Systems Benefit Charge (SBC):

- This covers the costs of the utilities' customer hardship programs (including medical hardship), the legislatively mandated low-income discount rate, and certain public education programs. This rate is set as part of the administrative rate-setting process and varies by company.

Renewable Energy Investment Charge:

- This funds investments in clean renewable energy, providing residential, commercial, and industrial customers with access to solar and other clean energy options. This charge is set at 0.1 cent per kilowatt hour by statute. This fund is used to leverage private capital at a rate of \$6.71 for every \$1 in public funds. The resulting investments have lowered energy burdens for nearly 62,000 families and more than 6,700 businesses, while reducing pollution and improving public health outcomes for everyone.

Conservation Adjustment Mechanism:

- This supports the state's energy efficiency programs, which helps to lower costs for all customers through individual efficiency improvements, as well as system-wide reductions in demand. This charge is capped at 0.6 cents per kilowatt hour by statute. Improving energy efficiency is cheaper than purchasing additional generation and in 2023 alone the state's efficiency programs provided energy savings equivalent to a 44 MW power plant (enough energy to power more than 24,000 homes for a year).

Non-Bypassable Federally Mandated Congestion Charge (NBFMCC):

- This includes payments mandated by FERC for costs to reduce federally mandated congestion charges and for certain contracts with energy providers related to ensuing grid reliability, including "peaker" plants and the Millstone nuclear contract.

CURRENT POLICY STATUS

- Do other states include these charges in the utility bill? Yes, because the programs funded by the Charges provide direct and substantial benefits to the electric distribution system, this is a common mechanism to fund renewable energy, efficiency, and other programs, although the specifics vary from state to state. Among our neighbors, for example, Massachusetts utility bills include a number of program-specific line items under the “distribution” charge that fund renewable energy, distributed solar, net metering, and energy efficiency programs, among others. New York’s Clean Energy Fund is supported by a Systems Benefit Charge on utility bills and supports its renewable energy and efficiency programs. Similarly, Rhode Island’s System Benefits Charge funds that state’s renewable and demand-side management programs.
- However, as a result of the summer’s high electric bills, certain parties have scapegoated the renewable energy and efficiency programs funded through the Public Benefits Charge as the cause of those high bills. In truth, high bills over the summer can be attributed to the convergence of three unique one-time factors:

High Usage During the Summer Heat Wave

- Between June 14 th and July 12 th , Governor Lamont declared three high heat emergencies. This led to people using a lot of electricity to cool their homes and businesses. Higher usage means higher bills.

Millstone Contract

- Utility losses of approximately \$605 million for the Millstone contract became due and was responsible for 77% of the increase in the public benefits line item through the NBFMCC.

COVID-19 Moratorium

- Approximately \$140 million in losses also came due as a result of the COVID-19 moratorium, which accounted for the remaining 23% of the line-item increase.



LEGISLATIVE SOLUTIONS

Lawmakers must be prepared to reject proposals to eliminate the Public Benefits Charge in Connecticut. This would substantially impair the state’s clean energy and energy efficiency programs, resulting in fewer opportunities to reduce electric system costs and enhance system resiliency, and foregoing the ancillary health and economic benefits of renewable energy and energy efficiency.

MORE INFORMATION

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