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Diverting Energy Funds Continues Harm to CT Families and Businesses

Yesterday, June 25, was the scheduled drop date for the second half of a massive diversion of energy efficiency and clean energy program funding into the state's General Fund. Much of the money was raised from a charge on consumer electric bills, and all was promised for programs to save money for families and businesses and reduce greenhouse gas emissions.

The diverted funds are:

- \$63.5 million in ratepayer dollars for the Conservation Load Management Fund, intended to help provide assistance with home energy audits, insulation, efficient lighting, etc.
- \$14 million for the Green Bank/Clean Energy Fund, to invest in renewable energy
- \$10 million from the Regional Greenhouse Gas Initiative proceeds, to reinvest in clean energy and efficiency efforts

Roger Reynolds, senior legal counsel at Connecticut Fund for the Environment, said:

"The Connecticut legislature avoided further funding diversions in the budget they just put together for the next two years, and we applaud them and the Lamont administration for that. However, that doesn't undo the ongoing harm from the raid this week and last June. Residents trusted that their ratepayer dollars would go where their electric bills said they would—towards energy efficiency and clean energy programs that save money and cut climate pollution—but instead those hard-earned dollars were used to plug a hole in the state budget. We continue to believe that the state's action violated the federal constitution's contracts and equal protection clauses, and ask the appellate court to correct that mistake. Until that happens, unfortunately, Connecticut families and small businesses will continue to miss out on services they're entitled to, and completely preventable pollution will continue."

Previously:

A group of ratepayers, efficiency and clean energy businesses, and environmental organizations [filed a federal lawsuit](#) in May 2018 seeking to stop the state legislature's 2017 sweep of Connecticut's energy efficiency and clean energy funds, and to prevent future diversions of ratepayer funds. That complaint argued that diverting ratepayer funding to plug a budget deficit instead of using the dedicated funds for their intended purpose violates the Contract Clause and Equal Protection Clause of the United States Constitution and functions as an illegal tax on tax-exempt organizations like churches and nonprofits.

Plaintiffs are Leticia Colon de Mejias; Connecticut Fund for the Environment; New Haven-based Fight the Hike; Energy Efficiencies Solutions, LLC; Best Home Performance of CT, LLC; Connecticut Citizen Action Group; New England Smart Energy Group, LLC; CT Weatherproof Insulation, LLC; Steven C. Osuch of East Windsor; Jonathan Casiano of Windsor; and Bright Solutions, LLC. The plaintiffs are represented by attorneys from the firms of Holland & Knight in New York City and Hartford-based Feiner Wolfson. Defendants are the Governor, Treasurer, and Comptroller of the State of Connecticut.

After oral arguments before the U.S. District Court in New Haven, [Judge Janet C. Hall found in October](#) that the state's 2017 budget that swept ratepayer funds did not impair contracts between ratepayers and their electric distribution companies because neither utility tariffs nor state law ever promised ratepayers that their dollars would *not* be transferred to the General Fund for unrelated purposes. Plaintiffs appealed that ruling.

In March 2019, attorneys for the businesses and nonprofits [filed an appeal brief](#) urging the U.S. Court of Appeals for the Second Circuit in New York to reverse a U.S. District Court decision that denied plaintiffs a remedy in their lawsuit to force the State of Connecticut to restore \$145 million in ratepayer dollars intended to save families money on energy bills and reduce climate pollution.

While the case moves through the courts, the energy, environmental, and ratepayer advocates have also been pushing for legislative action to remedy the ongoing harms caused by the raids on ratepayer funds. A total of 170 organizations, business leaders, energy workers, and environmental advocates—plus approximately 1,500 individuals—joined letters circulated by Efficiency for All and Connecticut Fund for the Environment urging action in the 2019 legislative session. Raids in the FY 2020-21 budget cycle were avoided, but efforts to reverse the previous raid and protect against them long-term with a statutory solution were not successful this year.