



General Assembly

February Session, 2000

**Raised Bill No. 5753**

LCO No. 1975

Referred to Committee on Energy and Technology

Introduced by:  
(ET)

***An Act Concerning Certain Fees Paid By Self Generators Of Electricity.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 16-245w of the general statutes is repealed and the following  
2 is substituted in lieu thereof:

3 (a) As used in this section, (1) "self-generation facility" means a  
4 facility that began operation on or after July 1, 1998, generates  
5 electricity, is owned or operated by an entity other than an electric  
6 distribution company, as defined in section 16-1, or electric supplier, as  
7 defined in said section 16-1, and operates in parallel with other  
8 generation on the distribution system of an electric distribution  
9 company and which reduces or eliminates the purchase of electricity  
10 through the distribution network, and (2) "exit fee" means the fee paid  
11 by a self-generation facility in accordance with subsection (b) of this  
12 section to offset any loss or potential loss in revenue toward the  
13 competitive transition assessment and systems benefits charge from  
14 the reduction or elimination of the purchase of electricity through the  
15 distribution network.

16 (b) The Department of Public Utility Control shall [design a process  
17 for determining a fee to be paid by customers who have installed self-  
18 generation facilities in order to offset any loss or potential loss in  
19 revenue from such facilities toward the competitive transition  
20 assessment, the systems benefits charge the conservation and load  
21 management assessment collected under section 16-245m and the  
22 Renewable Energy Investment Fund assessment collected under  
23 section 16-245n. Except as provided in subsection (c) of this section,  
24 such fee shall apply to customers who have installed self-generation  
25 facilities that begin operation on or after July 1, 1998] determine a  
26 process to identify self-generation facilities through a registration  
27 process. The department shall determine the exit fee applicable to each  
28 self-generation facility as the net present value of the competitive  
29 transition assessment and the systems benefits charge revenue the  
30 facility would have paid if it had remained a full requirements  
31 customer of the electric distribution company, net of any projected  
32 competitive transition assessment and systems benefits charge  
33 collection for backup or standby service for such facility over the  
34 shorter of (1) the life of the electric distribution company's competitive  
35 transition assessment, or (2) the life of the self-generation facility. The  
36 department shall determine the process for collection of the fee and  
37 shall provide an option for self-generation facilities to pay the fee in a  
38 lump sum account or to pay the fee over a period of time not to exceed  
39 the life of the electric distribution company's competitive transition  
40 assessment, provided such options have the same net present value. If  
41 no standby or backup service is chosen by an exiting self-generation  
42 facility, the department shall equitably determine for that facility the  
43 delivery revenue that would have been received by the electric  
44 distribution company if the standby or backup service had been  
45 chosen, and include the net present value of the lost revenue in the exit  
46 fee.

47 (c) An exit fee shall not apply to [a customer who has installed a]  
48 any self-generation facility that (1) exclusively services the load of one  
49 to four residential units, [or (2) is installed in conjunction with the

50 expansion of an industrial plant that began operation before July 1,  
51 1998, if the self-generation facility predominantly services such  
52 industrial plant and the expansion of said industrial plant results in  
53 economic development, as determined by the department. The  
54 exemption under subdivision (2) of this subsection shall only apply to  
55 the amount of any new load provided by the self-generation facility to  
56 service the expansion] (2) is a Class I renewable energy source, (3) is  
57 installed for specialized use, including peak reduction and load  
58 balancing generation technologies that meet new source performance  
59 standards, or other specialized use as determined by the department,  
60 (4) is a qualified facility, as such term is used in 16 USC 796, provided  
61 such facility (A) reduces annual kilowatt-hour consumption of the  
62 facility it is providing electricity to by twenty per cent or less from the  
63 most recent average annual consumption prior to operation of the self-  
64 generation facility, or (B) holds a permit issued by the Department of  
65 Environmental Protection to construct or modify the facility not later  
66 than October 1, 2000, or (5) is installed for a manufacturing plant  
67 expansion and results in economic development, as determined by the  
68 Department of Economic and Community Development.

69 (d) The department shall develop criteria for excluding units based  
70 on size or specialized use, balancing concerns of the potential impact  
71 on small businesses, equity among customer classes, and the need to  
72 offset losses to the competitive transition assessment and the systems  
73 benefits charge. The department shall establish procedures for  
74 distinguishing between existing load and new load for purposes of  
75 self-generation facilities described in subdivision (2) of subsection (c)  
76 of this section. The department shall determine how to identify self-  
77 generation facilities, such as through a registration process, and how to  
78 enforce the collection of such fees. The department shall establish  
79 criteria to determine how such fee shall be valued and the process for  
80 its collection, which shall include the ability of self-generation facilities  
81 to pay the fee over a period of time.

82 [(e) Not later than January 1, 1999, the department shall submit its

- 83 findings and recommendations to the joint standing committee of the  
84 General Assembly having cognizance of matters relating to energy.]

***Statement of Purpose:***

To provide for a fee to be paid by certain self-generation facilities to offset any loss or potential loss in revenue toward the competitive transition assessment and systems benefits charge from the reduction or elimination of the purchase of electricity through the distribution network.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*