



General Assembly

January Session, 2001

Raised Bill No. 6819

LCO No. 3989

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING THE LICENSING OF MUNICIPAL ELECTRIC ENERGY COOPERATIVES AS ELECTRIC SUPPLIERS AND AGGREGATORS.

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

1 Section 1. Subdivisions (30) and (31) of subsection (a) of section 16-1
2 of the general statutes are repealed and the following is substituted in
3 lieu thereof:

4 (30) "Electric supplier" means any person, including an electric
5 aggregator, municipal electric energy cooperative established under
6 chapter 101a that is licensed pursuant to subsection (g) of section 16-
7 245c, as amended by this act, or participating municipal electric utility
8 that is licensed by the Department of Public Utility Control in
9 accordance with section 16-245, that provides electric generation
10 services to end use customers in the state using the transmission or
11 distribution facilities of an electric distribution company, regardless of
12 whether or not such person takes title to such generation services, but
13 does not include: (A) A municipal electric utility established under
14 chapter 101, other than a participating municipal electric utility; (B) a
15 municipal electric energy cooperative established under chapter 101a

16 that is not licensed pursuant to subsection (g) of section 16-245c, as
17 amended by this act; (C) an electric cooperative established under
18 chapter 597; (D) any other electric utility owned, leased, maintained,
19 operated, managed or controlled by any unit of local government
20 under any general statute or special act; or (E) an electric distribution
21 company in its provision of electric generation services in accordance
22 with subsection (a) or, prior to January 1, 2004, subsection (c) of section
23 16-244c;

24 (31) "Electric aggregator" means (A) a person, municipality, [or]
25 regional water authority or municipal electric energy cooperative
26 established under chapter 101a that gathers together electric customers
27 for the purpose of negotiating the purchase of electric generation
28 services from an electric supplier, or (B) the Connecticut Resources
29 Recovery Authority, if it gathers together electric customers for the
30 purpose of negotiating the purchase of electric generation services
31 from an electric supplier, provided such person, municipality, [or]
32 authority or municipal electric energy cooperative is not engaged in
33 the purchase or resale of electric generation services, and provided
34 further such customers contract for electric generation services directly
35 with an electric supplier, and may include an electric cooperative
36 established pursuant to chapter 597.

37 Sec. 2. Subsection (b) of section 16-245 of the general statutes is
38 repealed and the following is substituted in lieu thereof:

39 (b) On and after January 1, 2000, no person, no municipality, [and]
40 no regional water authority and no municipal electric energy
41 cooperative established under chapter 101 shall sell or attempt to sell
42 electric generation services to end use customers located in the state
43 using the transmission or distribution facilities of an electric
44 distribution company, as defined in section 16-1, and no municipality,
45 no regional water authority and the Connecticut Resources Recovery
46 Authority except as provided in section 16-245b and no person and no
47 municipal electric energy cooperative shall aggregate, broker or

48 market the sale of electric generation services to end use customers, or
49 in the case of a municipal energy cooperative, to governmental entities
50 within the state, using the transmission or distribution facilities of an
51 electric distribution company unless the person has been issued a
52 license by the Department of Public Utility Control in accordance with
53 the provisions of this section, provided an electric distribution
54 company is not required to be licensed pursuant to this section to
55 provide electric generation services pursuant to subsection (a) of this
56 section or, prior to January 1, 2004, subsection (c) of section 16-244c.
57 Not later than January 1, 1999, the department shall, by regulations
58 adopted pursuant to chapter 54, develop licensing procedures. The
59 licensing process shall begin not later than April 1, 1999.

60 Sec. 3. Subsection (b) of section 16-245c of the general statutes is
61 repealed and the following is substituted in lieu thereof:

62 (b) No municipal electric utility established under chapter 101 shall
63 use the transmission or distribution system or facilities of an electric
64 distribution company, as defined in section 16-1, as amended by this
65 act, for the purpose of providing electric generation services to an end
66 use customer outside its service area, unless the municipal electric
67 utility is authorized to do so by the Department of Public Utility
68 Control, in which case it shall be considered a participating municipal
69 electric utility. A municipal electric utility established under chapter
70 101 shall not be considered a participating municipal electric utility if
71 a municipal electric energy cooperative in which it participates is
72 licensed as an electric supplier to governmental entities pursuant to
73 subsection (g) of section 16-245c, as amended by this act.

74 Sec. 4. Subsection (g) of section 16-245c of the general statutes is
75 repealed and the following is substituted in lieu thereof:

76 (g) No municipal electric energy cooperative shall be allowed to be
77 an electric supplier or to request authorization to provide electric
78 generation services to any end use customers other than governmental
79 entities within the state, provided the Department of Public Utility

80 Control first issues an electric supplier license to such municipal
81 electric energy cooperative for the provision of such service pursuant
82 to section 16-245, as amended by this act.

83 Sec. 5. Subsection (b) of section 7-233e of the general statutes is
84 repealed and the following is substituted in lieu thereof:

85 (b) A municipal electric energy cooperative created in the manner
86 provided in this chapter shall constitute a public body corporate and
87 politic, and in furtherance of its purpose of providing facilities for the
88 generation and transmission of electric power such municipal electric
89 energy cooperative shall be deemed to be exercising an essential
90 governmental function and shall have the following powers, to wit:

91 (1) To adopt and have a common seal and to alter the same;

92 (2) To sue and be sued;

93 (3) To contract and be contracted with;

94 (4) To plan, acquire, construct, reconstruct, operate, maintain,
95 repair, extend or improve one or more projects within or without the
96 state; or to acquire any interest in or any right to capacity of such a
97 project and to act as agent, or designate one or more of the other
98 participants in such project to act as agent, for all the participants in
99 such project in connection with the planning, acquisition, construction,
100 reconstruction, operation, maintenance, repair, extension or
101 improvement of such project;

102 (5) To investigate the desirability of and necessity for additional
103 sources and supplies of electric power, and to make such studies,
104 surveys and estimates as may be necessary to determine the feasibility
105 and cost of any such additional sources and supplies of electric power;

106 (6) To cooperate with private electric utilities, member and
107 nonmember municipal electric utilities and other public or private
108 electric power entities, within and without the state, or with any

109 person without the state, in the development of such sources and
110 supplies of electric power;

111 (7) To procure from the United States of America or any agency or
112 instrumentality thereof, or from any state or agency or instrumentality
113 thereof, any consents, authorizations or approvals which may be
114 requisite to enable any project within its powers to be carried forward;

115 (8) To do and perform any acts and things authorized by the act
116 under, through or by means of its cooperative utility board, officers,
117 agents or employees;

118 (9) To acquire, hold, use and dispose of its income, revenues, funds
119 and moneys;

120 (10) To acquire, own, hire, use, operate and dispose of personal
121 property;

122 (11) To acquire, own, use, lease, operate and dispose of real
123 property and interests in real property, and to make improvements
124 thereon;

125 (12) To grant the use, by lease or otherwise, and to make charges for
126 the use, of any property or facility owned or controlled by it;

127 (13) To borrow money and to issue its negotiable bonds or notes,
128 and to enter into any agreements with the purchasers or holders of
129 such bonds or notes or with others for their benefit;

130 (14) Subject to any agreement with bondholders or noteholders, to
131 invest moneys of the municipal cooperative not required for
132 immediate use, including proceeds from the sale of any bonds or notes,
133 in such obligations, securities and other investments as the cooperative
134 utility board shall deem prudent and in accordance with the laws of
135 the state regarding the investment of public moneys;

136 (15) To exercise the right of eminent domain, subject to the

137 limitations contained herein;

138 (16) To fix and determine the location and character of, and all other
139 matters in connection with, any and all projects it may be authorized to
140 acquire, hold, establish, effectuate, operate or control;

141 (17) To contract with any electric utility, any member or nonmember
142 municipal electric utility, any public or private electric power entity
143 within or without the state, any governmental entity within the state or
144 any person without the state, for the sale, exchange or transmission of
145 electric power or energy generated by any project, or any interest
146 therein or any right to capacity thereof, on such terms and for such
147 period of time as the cooperative utility board shall determine;

148 (18) To purchase, sell, exchange or transmit electric power and
149 energy within and without the state, to any electric utility, any
150 member or nonmember municipal electric utility or any other public or
151 private electric power entity, any governmental entity within the state
152 or any person without the state; and to enter into agreements with
153 respect to such purchase, sale, exchange, or transmission to any electric
154 utility, any member or nonmember municipal electric utility, [or] any
155 other public or private electric power entity or any governmental
156 entity within the state; as one means of implementing the power
157 granted by this subsection (18), a municipal electric energy
158 cooperative, if its cooperative utility board shall so determine, may
159 enter into or become a participant in the New England Power Pool;
160 and to acquire, own, hold and dispose of stock or other ownership
161 interests in, or evidences of indebtedness of, any corporation or
162 business entity which constructs electric power generation or
163 transmission facilities or generates, produces, transmits, purchases,
164 sells or exchanges electric power and energy to, or insures the
165 liabilities of, public or private electric power entities located within or
166 without the state, provided the outstanding stock of such corporation
167 is owned in whole or in part by such public or private electric power
168 entities;

169 (19) To procure insurance against any losses in connection with its
170 property, operations or assets in such amounts and from such insurers
171 as the cooperative utility board deems desirable;

172 (20) To contract for and to accept any gifts or grants or loans of
173 funds or property or financial or other aid in any form from the United
174 States of America or any agency or instrumentality thereof, or from
175 any other source, and to comply, subject to the provisions of this
176 chapter, with the terms and conditions thereof;

177 (21) To mortgage, or otherwise hypothecate, any or all of its
178 property or assets to secure the payment of its bonds, notes or other
179 obligations;

180 (22) To submit to arbitration any disputes with others or among its
181 members;

182 (23) To produce electric power by the use of cogeneration
183 technology or renewable fuel resources, as defined in section 16-1;

184 (24) To contract for the purchase or exchange of electricity produced
185 by a person using cogeneration technology or renewable fuel
186 resources, as defined in section 16-1, or for the sale or exchange of
187 electricity produced by the municipal cooperative to such person,
188 provided such purchase, sale or exchange is subject to the rates and
189 conditions of service established in accordance with section 16-243a;

190 (25) To provide in any agreement executed in connection with a
191 project by or among a municipal cooperative and other participants in
192 such project that, if one or more of such participants defaults in its
193 obligations under such agreement including, without limitation, the
194 payment of principal or interest on their indebtedness issued with
195 respect to such project, the municipal cooperative and the other
196 nondefaulting participants, if any, shall be required to pay such
197 obligations, including the principal of and the interest on such
198 indebtedness, for which the defaulting participant or participants were

199 to have paid, upon such terms and conditions and with such
200 limitations as the cooperative utility board may determine;

201 (26) To guarantee, in connection with any project, the punctual
202 payment of the principal of and interest on the indebtedness or other
203 contractual obligations of any of the participants in such project;

204 (27) To exercise and perform all or part of its power and functions
205 for the sole purpose of purchasing, selling, exchanging or transmitting
206 electric power and energy on a wholesale basis, as provided in this
207 chapter, through one or more wholly owned or partly owned
208 corporations or other business entities; and

209 (28) To exercise all other powers not inconsistent with the state
210 constitution or the United States Constitution, which may be
211 reasonably necessary or appropriate for or incidental to the
212 effectuation of its authorized purposes or to the exercise of any of the
213 foregoing powers, and generally to exercise in connection with its
214 property and affairs, and in connection with property within its
215 control, any and all powers which might be exercised by a natural
216 person or a private corporation in connection with similar property
217 and affairs.

218 Sec. 6. Section 7-233t of the general statutes is repealed and the
219 following is substituted in lieu thereof:

220 A municipal electric energy cooperative created pursuant to the
221 provisions of this chapter shall be exempt from the jurisdiction and
222 control of the Department of Public Utility Control of this state, except
223 to the extent that a municipal electric energy cooperative is licensed as
224 an electric supplier for governmental entities pursuant to subsection
225 (g) of section 16-245c, as amended by this act, and except to the extent
226 municipal electric utilities are subject to the Department of Public
227 Utility Control as of the date of the formation of the municipal
228 cooperative.

229 Sec. 7. Section 7-233j of the general statutes is repealed and the
230 following is substituted in lieu thereof:

231 The municipal cooperative is authorized to (1) interconnect the lines
232 of its system with those of other electric systems within or without the
233 state, and to enter into contracts for the sale of electric energy within or
234 without the state to electric systems constructed, owned, controlled or
235 operated by any electric utility, member or nonmember municipal
236 electric utility or any other public or private electric power entity, any
237 governmental entity within the state or any person without the state;
238 and (2) enter into contracts with other electric utilities, member or
239 nonmember municipal electric utilities, or any other public or private
240 electric power entities within or without the state for standby power
241 upon suitable terms, and for the sale of any surplus power not
242 required for its own operation for sale to any electric utility, member
243 or nonmember municipal electric utility or any other public or private
244 electric power entity within or without the state.

Statement of Purpose:

To allow municipal electric energy cooperatives to provide electric supply services to governmental entities.

[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.]