



General Assembly

January Session, 2001

Raised Bill No. 6920

LCO No. 4398

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING MINOR REVISIONS TO UTILITY AND ENERGY POLICY LAWS.

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

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 Section 16a-1 of the general statutes is repealed and the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

3 It is found and declared that [a shortage of energy supplies and
4 resources exists in] the state and the United States [and that a critical
5 shortage may be imminent, that the existence of such shortage] are
6 subject to an ongoing vulnerability to price and supply disruption for
7 energy supplies and resources due to dependence on conventional
8 energy resources, particularly those imported from overseas, and that
9 such vulnerability is inimical to the public health, safety and welfare of
10 the people of the state, that there is a necessity to implement the
11 federal mandatory allocation order and other federal directives and
12 federal statutes, establish contingency rationing plans for fuel oil,
13 gasoline and other energy supplies and restrict the use of energy and
14 that the necessity of enacting the provisions of this chapter to provide
15 for equitable distribution and conservation of energy is declared as a
16 matter of legislative determination.

17 Sec. 2. Section 16a-35k of the general statutes is repealed and the
18 following is substituted in lieu thereof:

19 (a) The General Assembly finds [that] (1) the state of Connecticut is
20 severely disadvantaged by its lack of indigenous, primary, and
21 conventional energy resources; [that] (2) primarily as a result of past
22 policies and historical tendencies, the state has become dependent
23 upon petroleum as an energy source; [that] (3) national energy policies
24 do not preclude the recurrence of serious problems arising from this
25 dependence during petroleum shortages; [that] (4) the increase in oil
26 prices [since] resulting from the 1973 oil embargo, and the 1979 oil
27 shortage, as well as the state and regional energy costs generally, has
28 had a major impact on the state; [that] (5) the economy has suffered
29 directly because of [our] the state's dependence on [petroleum] high
30 cost sources of energy and constraints upon the [rate of conversion to]
31 use of alternatives; (6) the state's economy, and particularly the state's
32 transportation sector, remains vulnerable to disruption in the event of
33 future interruptions in the supply of conventional energy resources,
34 particularly those imported from overseas; (7) [that other]
35 conventional sources of energy are subject to constraints involving
36 supply, transportation, cost and environmental, health and safety
37 considerations; [and that] (8) the development of advanced energy
38 technologies can furnish a means of diversifying the state's energy
39 supplies, reducing energy costs and promoting economic development
40 and job creation with the export of advanced energy products to
41 national and international markets; (9) advanced energy technologies,
42 such as advanced, aero-derived gas turbine systems and fuel cells,
43 have made it feasible to produce electricity efficiently and
44 economically using generating units of small and moderate capacity,
45 allowing diverse and distributed generation and contributing to
46 competition in electricity production; (10) competitive markets for
47 natural gas and electricity production has resulted in the
48 commoditization of these resources, and that this process is driven by
49 market forces and technological opportunities and is therefore likely to
50 continue regardless of governmental sanction; (11) competition in the

51 electricity generation and natural gas industries presents an
52 opportunity for the state to secure access to lower cost energy supplies,
53 as well as a challenge in addressing the potential impact of such
54 competition on both suppliers and consumers of energy, and in
55 ensuring that the benefits of such competition accrue to all categories
56 of energy users; (12) the achievement of state energy policy objectives
57 may be complicated by the emergence of more competitive energy
58 markets, served by a greater number of electricity and natural gas
59 suppliers, including suppliers located outside the state's jurisdiction;
60 (13) the emergence of increased competition in energy markets does
61 not obviate the need to articulate and implement state energy policies,
62 in part because there will continue to be limits on freely competitive
63 energy markets both within and outside the state, including, but not
64 limited to, (A) competition among states for economic development, in
65 which access to competitive energy markets will play an increasing
66 role in the energy cost comparisons made by firms seeking
67 opportunities to expand or relocate; (B) subsidies and incentives given
68 to energy producers and marketers, including those established at the
69 federal level and thus outside the state's jurisdiction, that influence the
70 operation of energy markets; and (C) policy initiatives undertaken by
71 government to modify the operation of energy markets by taking into
72 account relevant factors that otherwise would be "external" and not
73 included in market pricing; (14) the state must address these problems
74 [by] issues and opportunities by ensuring that its statutory, regulatory
75 and operational energy policies and planning reflect and address
76 current developments in the nation's rapidly evolving energy
77 industries; and (15) these policies, in conjunction with market forces,
78 facilitate and are consistent with the objectives of conserving energy,
79 increasing the efficiency of energy production and utilization and
80 developing, marketing and utilizing advance energy technologies,
81 particularly those that employ energy sources that are both renewable
82 [energy sources] and sustainable. The General Assembly further finds
83 that energy use has a profound impact on the society, economy and
84 environment of the state, particularly in its impact on economic

85 development and job creation, on low and moderate-income
86 households, on small and emerging business and industries, and
87 interrelationship with population growth, high density urbanization,
88 industrial well-being, resource utilization, technological development
89 and social advancement, and that energy is therefore critically
90 important to the overall welfare and development of our society.

91 (b) [Therefore, the] The General Assembly declares that it is the
92 policy of the state of Connecticut to (1) conserve scarce renewable and
93 nonsustainable energy resources by avoiding their unnecessary and
94 [wasteful] inefficient consumption; (2) consume energy resources in
95 the most efficient manner feasible; (3) develop and utilize [renewable]
96 energy resources that are renewable and sustainable, such as solar and
97 wind energy, to the maximum practicable extent; (4) [diversify]
98 consider the diversity of the state's energy supply mix, the costs of
99 achieving such diversity, and the potential costs of failing to achieve it,
100 as factors that should be considered in the development and operation
101 of energy markets; (5) [where practicable, replace] monitor and
102 evaluate the operation of energy markets with regard to the use of
103 energy resources vulnerable to interruption due to circumstances
104 beyond the state's control in comparison with those less vulnerable,
105 and consider whether energy and other public policy aspects,
106 including possible future economic and social costs of such
107 developments warrant government action; (6) assist citizens and
108 businesses in implementing measures to reduce energy consumption
109 and costs in those areas where the marketplace does not operate
110 efficiently, such as by seeking to promote energy conservation in
111 multi-family dwellings and in leased space generally; (7) ensure that
112 low-income households can meet essential energy needs; (8) maintain
113 planning and preparedness capabilities necessary to deal effectively
114 with future energy supply interruptions [and] that are of such severity
115 as to disrupt the normal operation and functioning of energy markets
116 and threaten public health and safety or disrupt the operation of the
117 state's businesses, industries and institutions; (9) [when available
118 energy alternatives are equivalent, give preference for capacity

119 additions first to] seek to rely on the operation of energy markets to
120 efficiently allocate resources to those energy sources, including
121 conservation and load management, that are most cost effective and
122 give appropriate preference to such sources in energy planning and
123 regulation; and (10) in decision and policy making, consider the energy
124 policy considerations stated in this section, as well as other state policy
125 objectives, and in so doing seek to achieve an appropriate balance that
126 reconciles public policy objectives with marketplace efficiencies. The
127 state shall seek all [possible] reasonable ways to implement this policy,
128 giving preference to marketplace mechanisms and reliance on
129 competition, through public education and cooperative efforts
130 involving, where appropriate, the federal government, regional
131 organizations, municipal governments, citizen, community and labor
132 organizations, businesses, manufacturers, trade associations and other
133 public and private organizations and concerned individuals, using all
134 practical means and measures, including financial and technical
135 assistance, in a manner calculated to promote the general welfare by
136 creating and maintaining conditions under which energy can be
137 utilized effectively and efficiently. The General Assembly further
138 declares that it is the continuing responsibility of the state to use all
139 means consistent with other essential considerations of state policy to
140 improve and coordinate the plans, functions, programs and resources
141 of the state to attain the objectives stated herein without harm to the
142 environment, risk to health or safety or other undesirable or
143 unintended consequences, to preserve wherever possible a society
144 which supports a diversity and variety of individual choice, to achieve
145 a balance between population and resource use which will permit the
146 maintenance of adequate living standards and a sharing of life's
147 amenities among all citizens, and to enhance the utilization of
148 renewable and sustainable resources so that the availability of
149 nonrenewable resources can be extended to future generations. The
150 General Assembly declares that the energy policy is essential to the
151 preservation and enhancement of the health, safety and general
152 welfare of the people of the state and that its implementation therefore

153 constitutes a significant and valid public purpose for all state actions.

154 Sec. 3. Subdivision (5) of subsection (a) of section 16-19aa and
155 sections 16-19cc, 16-19dd and 16-19ll of the general statutes are
156 repealed.

157 Sec. 4. This act shall take effect from its passage.

Statement of Purpose:

To make minor revisions to the public utility laws and the state's statutory energy policy to reflect developments in restructuring of energy markets and the importance of energy policy for state economic development.

[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.]