



General Assembly

**Substitute Bill No. 6920**

January Session, 2001

**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 Section 16a-1 of the general statutes is repealed and the  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] any  
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 Section 16a-35k of the general statutes is repealed and the  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; [that other] (6) the state's economy, and particularly  
32 the state's transportation sector, remains vulnerable to disruption in  
33 the event of future interruptions in the supply of conventional energy  
34 resources, particularly those imported from overseas; (7) conventional  
35 sources of energy are subject to constraints involving supply,  
36 transportation, cost and environmental, health and safety  
37 considerations; [and that the state must address these problems by] (8)  
38 the development of advanced energy technologies can furnish a means  
39 of diversifying the state's energy supplies, reducing energy costs and  
40 promoting economic development and job creation with the export of  
41 advanced energy products to national and international markets; (9)  
42 advanced energy technologies, such as advanced, aero-derived gas  
43 turbine systems and fuel cells, have made it feasible to produce  
44 electricity efficiently and economically using generating units of small  
45 and moderate capacity, allowing diverse and distributed generation  
46 and contributing to competition in electricity production; (10)  
47 competitive markets for natural gas and electricity production has  
48 resulted in the commoditization of these resources, and that this  
49 process is driven by market forces and technological opportunities and  
50 is therefore likely to continue; (11) competition in the electricity  
51 generation and natural gas industries presents an opportunity for the  
52 state to secure access to lower cost energy supplies, as well as a  
53 challenge in addressing the potential impact of such competition on  
54 both suppliers and consumers of energy, and in ensuring that the

55 benefits of such competition accrue to all categories of energy users;  
56 (12) the achievement of state energy policy objectives may be  
57 complicated by the emergence of more competitive energy markets,  
58 served by a greater number of electricity and natural gas suppliers,  
59 including suppliers located outside the state's jurisdiction; (13) the  
60 emergence of increased competition in energy markets does not  
61 obviate the need to articulate and implement state energy policies, in  
62 part due to the continuing limits on freely competitive energy markets  
63 both within and outside the state, including, but not limited to, (A)  
64 competition among states for economic development, in which access  
65 to competitive energy markets will play an increasing role in the  
66 energy cost comparisons made by firms seeking opportunities to  
67 expand or relocate; (B) subsidies and incentives given to energy  
68 producers and marketers, including those established at the federal  
69 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 issues and opportunities by ensuring that its statutory, regulatory and  
75 operational energy policies and planning reflect and address current  
76 developments in the nation's rapidly evolving energy industries; and  
77 (15) these policies, in conjunction with market forces, facilitate and are  
78 consistent with the objectives of conserving energy, increasing the  
79 efficiency of energy production and utilization and developing,  
80 marketing and utilizing advanced energy technologies, particularly  
81 those that employ energy sources that are both renewable [energy  
82 sources] and sustainable. The General Assembly further finds that  
83 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 nonrenewable  
93 and nonsustainable energy resources by avoiding their unnecessary  
94 and [wasteful] inefficient consumption; (2) consume energy resources  
95 in the most efficient manner feasible; (3) develop and utilize  
96 [renewable] energy resources that are renewable and sustainable, such  
97 as solar and wind energy, to the maximum practicable extent; (4)  
98 [diversify] consider the diversity of the state's energy supply mix,  
99 where practicable, the costs and benefits of achieving such diversity,  
100 and the potential costs of failing to achieve it, as factors that should be  
101 considered in the development and operation of energy markets; [(5)  
102 where practicable, replace] (5) monitor and evaluate the operation of  
103 energy markets with regard to the use of energy resources vulnerable  
104 to interruption due to circumstances beyond the state's control in  
105 comparison with those less vulnerable, and consider whether energy  
106 and other public policy aspects, including possible future economic  
107 and social costs of such developments warrant government action; (6)  
108 assist citizens and businesses in implementing measures to reduce  
109 energy consumption and costs in those areas where the marketplace  
110 does not operate efficiently, such as by seeking to promote energy  
111 conservation in multi-family dwellings and in leased space generally;  
112 (7) ensure that low-income households can meet essential energy  
113 needs; (8) maintain planning and preparedness capabilities necessary  
114 to deal effectively with future energy supply interruptions [and (9)  
115 when available energy alternatives are equivalent, give preference for  
116 capacity additions first to] that are of such severity as to disrupt the  
117 normal operation and functioning of energy markets and threaten  
118 public health and safety or disrupt the operation of the state's  
119 businesses, industries and institutions; (9) seek to rely on the operation  
120 of energy markets to efficiently allocate resources to those energy  
121 sources, including conservation and load management, that are most  
122 cost effective and give appropriate preference to such sources in  
123 energy planning and regulation; and (10) in decision and policy

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

155       Sec. 3. Section 16-19cc of the general statutes is repealed and the  
156 following is substituted in lieu thereof:

157       [(a) Every electric public service company, as defined by section 16-

158 1, which owns a five per cent or larger share of] Every entity that  
159 operates a nuclear generating facility shall file with the Department of  
160 Public Utility Control and the Office of Consumer Counsel,  
161 semiannually, on April first and October first, a report on the projected  
162 availability, maintenance, refueling and shutdown schedules, for the  
163 next twelve-month period, of all generating facilities over one hundred  
164 megawatts of capacity of each electric public service company and any  
165 generating facilities which are part of the New England Power Pool.

166 [(b) The Department of Public Utility Control shall hold a hearing at  
167 the end of each calendar quarter in which fifty per cent or more of an  
168 electric public service company's nuclear generating capacity has been  
169 out of service for a significant period of time. If the department finds  
170 that the electric public service company has not fulfilled its public  
171 service responsibilities under this title and title 16a, then the  
172 department, in its discretion, may prohibit the electric public service  
173 company from recovering, directly or indirectly, all or any portion of  
174 the costs associated with the purchase of electricity from other sources  
175 through its rates or charges.

176 (c) The Department of Public Utility Control shall adopt regulations,  
177 in accordance with the provisions of chapter 54, to administer the  
178 provisions contained in this section.]

179 Sec. 4. Subsection (a) of section 16-19aa of the general statutes is  
180 repealed and the following is substituted in lieu thereof:

181 (a) During each proceeding on a rate amendment under section 16-  
182 19 proposed by an electric public service company, as defined in  
183 section 16-1, having more than seventy-five thousand customers, the  
184 Department of Public Utility Control shall (1) review the facilities  
185 utilized by the company for the generation and transmission of  
186 electricity, (2) determine the level of the company's reserve capacity,  
187 (3) determine the company's net reserve capacity by making such  
188 adjustments as the department determines appropriate to the level of  
189 the company's reserve capacity determined under subdivision (2) of

190 this subsection based on: (A) The reduction of the company's reserve  
191 capacity requirement resulting from conservation and load  
192 management measures taken by the company and from any other  
193 programs or measures undertaken by the company promoting the  
194 state's energy policy since January 1, 1986, (B) the capacity of the  
195 company's interest in hydroelectric and other renewable resource  
196 facilities placed in service after June 1, 1986, (C) the capacity provided  
197 to the company by qualifying facilities and resource recovery facilities,  
198 (D) any increases of the company's capacity after June 1, 1986, resulting  
199 from programs or measures undertaken by the company to implement  
200 the state's energy and other policy, (E) the reduction in the company's  
201 reserve capacity requirement attributable to electrical interconnections  
202 between New England electric companies and other electric systems  
203 outside New England approved by the department, and (F) such other  
204 capacity adjustments, which may include adjustments previously  
205 recognized by the department, as the department deems appropriate,  
206 and (4) determine the level of reserve capacity which would provide a  
207 net economic benefit to customers of the company, provided the  
208 department shall also consider the New England Power Pool reliability  
209 standard, the state energy policy as stated in section 16a-35k and any  
210 other factors which the department deems appropriate and adjust such  
211 level accordingly. [and (5) exclude from the company's rates, in a  
212 manner which shall provide the optimal short-term and long-term  
213 benefits to customers of the company, the costs associated with  
214 generating facilities which provide net reserve capacity in excess of the  
215 level, including any adjustments, determined by the department under  
216 subdivision (4) of this section.]

217 Sec. 5. Sections 16-19dd and 16-19ll of the general statutes are  
218 repealed.

219 Sec. 6. This act shall take effect from its passage.

***Statement of Legislative Commissioners:***

A new section 4 was added for consistency with the method for repealing a subdivision of a statute and the subsequent sections were renumbered accordingly.

***ET***      ***JOINT FAVORABLE SUBST.***