



## Senate

General Assembly

**File No. 117**

February Session, 2002

Substitute Senate Bill No. 343

*Senate, March 25, 2002*

The Committee on Energy and Technology reported through SEN. PETERS of the 20th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING AN ELECTRIC TRANSMISSION PLAN.***

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

1       Section 1. (*Effective from passage*) The Sustainable Energy Institute  
2 shall, in consultation with the regional independent system operator,  
3 as defined in section 16-1 of the general statutes, as amended, the  
4 Department of Public Utility Control and the Office of Consumer  
5 Counsel, conduct a study of the electric transmission infrastructure in  
6 the state that shall include, but not be limited to, an inventory of the  
7 supply and demand resources affecting such infrastructure. The  
8 institute shall utilize the information gathered in its study to develop a  
9 plan that contains options for the maintenance and development of  
10 such infrastructure, which options shall include, but not be limited to,  
11 distributed generation, demand-side management, conservation  
12 measures, and improvements to the transmission infrastructure. Not  
13 later than January 1, 2003, the institute shall submit its plan to the joint  
14 standing committee of the General Assembly having cognizance of  
15 matters relating to energy and technology in accordance with section

16 11-4a of the general statutes.

17 Sec. 2. Subsection (c) of section 16-50p of the general statutes is  
18 repealed and the following is substituted in lieu thereof (*Effective July*  
19 *1, 2002*):

20 (c) (1) The council shall not grant a certificate for a facility described  
21 in subdivision (3) of subsection (a) of section 16-50i, either as proposed  
22 or as modified by the council, unless it finds and determines: (A) A net  
23 public benefit for the facility; (B) the nature of the probable  
24 environmental impact, including a specification of every significant  
25 adverse and beneficial effect that, whether alone or cumulatively with  
26 other effects, conflicts with the policies of the state concerning the  
27 natural environment, ecological balance, public health and safety,  
28 scenic, historic and recreational values, forests and parks, air and  
29 water purity and fish and wildlife; and (C) why the adverse effects or  
30 conflicts referred to in subparagraph (B) of this subdivision are not  
31 sufficient reason to deny the application. For purposes of  
32 subparagraph (A) of this subdivision, a net public benefit exists if such  
33 a facility is necessary for the reliability of the electric power supply of  
34 the state or for a competitive market for electricity.

35 (2) The council shall not grant a certificate for a facility described in  
36 subdivision (1) of subsection (a) of section 16-50i which is substantially  
37 underground or underwater except where such facilities interconnect  
38 with existing overhead facilities, either as proposed or as modified by  
39 the council, unless it finds and determines: (A) A net public benefit for  
40 the facility; (B) the nature of the probable environmental impact,  
41 including a specification of every single adverse and beneficial effect  
42 that, whether alone or cumulatively with other effects, conflict with the  
43 policies of the state concerning the natural environment, ecological  
44 balance, public health and safety, scenic, historic and recreational  
45 values, forests and parks, air and purity and fish and wildlife; (C) why  
46 the adverse effects or conflicts referred to in subparagraph (B) of this  
47 subdivision are not sufficient reason to deny the application; (D) in the  
48 case of a new electric transmission line, (i) what part, if any, of the

49 facility shall be located overhead, (ii) that the facility conforms to a  
50 long-range plan for expansion of the electric power grid of the electric  
51 systems serving the state and interconnected utility systems and will  
52 serve the interests of electric system economy and reliability, and (iii)  
53 that the overhead portions of the facility, if any, are cost-effective and  
54 the most appropriate alternative based on a life-cycle cost analysis of  
55 the facility and underground alternatives to such facility and are  
56 consistent with the purposes of this chapter, with such regulations as  
57 the council may adopt pursuant to subsection (a) of section 16-50t, and  
58 with the Federal Energy Regulatory Commission "Guidelines For the  
59 Protection of Natural Historic Scenic and Recreational Values in the  
60 Design and Location of Rights-of-Way and Transmission Facilities" or  
61 any other successor guidelines and any other applicable federal  
62 guidelines; and (E) in the case of an electric or fuel transmission line,  
63 that the location of the line will not pose an undue hazard to persons  
64 or property along the area traversed by the line. For purposes of  
65 subparagraph (A) of this subdivision, a net public benefit exists if such  
66 a facility is necessary for the reliability of the electric power supply of  
67 the state or for the development of a competitive market for electricity.

68 Sec. 3. Section 16-244g of the general statutes is amended by adding  
69 subsection (f) as follows (*Effective from passage*):

70 (NEW) (f) Nothing in this subsection shall preclude an electric  
71 distribution company from installing generation capacity at an electric  
72 substation for transmission purposes.

73 Sec. 4. Subsection (d) of section 16-245m of the general statutes is  
74 repealed and the following is substituted in lieu thereof (*Effective July*  
75 *1, 2002*):

76 (d) The Energy Conservation Management Board shall advise and  
77 assist the electric distribution companies in the development and  
78 implementation of a comprehensive plan, which plan shall be  
79 approved by the Department of Public Utility Control, to implement  
80 cost-effective energy conservation programs and market  
81 transformation initiatives. Programs included in the plan shall be

82 screened through cost-effectiveness testing which compares the value  
83 and payback period of program benefits to program costs to ensure  
84 that programs are designed to obtain energy savings whose value is  
85 greater than the costs of the programs. Program cost-effectiveness shall  
86 be reviewed annually, or otherwise as is practicable. If a program is  
87 determined to fail the cost-effectiveness test as part of the review  
88 process, it shall either be modified to meet the test or shall be  
89 terminated. On or before January 31, 2001, and annually thereafter  
90 until January 31, 2006, the board shall provide a report to the joint  
91 standing committees of the General Assembly having cognizance of  
92 matters relating to energy and the environment which documents  
93 expenditures, fund balances and evaluates the cost-effectiveness of  
94 such programs conducted in the preceding year. Such programs may  
95 include, but not be limited to: (1) Conservation and load management  
96 programs; (2) research, development and commercialization of  
97 products or processes which are more energy-efficient than those  
98 generally available; (3) development of markets for such products and  
99 processes; (4) support for energy use assessment, engineering studies  
100 and services related to new construction or major building renovation;  
101 (5) the design, manufacture, commercialization and purchase of  
102 energy-efficient appliances and heating, air conditioning and lighting  
103 devices; (6) program planning and evaluation; [and] (7) public  
104 education regarding conservation; and (8) conservation programs  
105 targeted to areas of the state with transmission congestion. Such  
106 support may be by direct funding, manufacturers' rebates, sale price  
107 and loan subsidies, leases and promotional and educational activities.  
108 Any other expenditure by the collaborative shall be limited to  
109 retention of expert consultants and reasonable administrative costs  
110 provided such consultants shall not be employed by, or have any  
111 contractual relationship with, an electric distribution company. Such  
112 costs shall not exceed five per cent of the total revenue collected from  
113 the assessment.

114 Sec. 5. Subsection (c) of section 16-245n of the general statutes is  
115 repealed and the following is substituted in lieu thereof (*Effective July*  
116 *1, 2002*):

117 (c) There is hereby created a Renewable Energy Investment Fund  
 118 which shall be administered by Connecticut Innovations, Incorporated.  
 119 The fund may receive any amount required by law to be deposited  
 120 into the fund and may receive any federal funds as may become  
 121 available to the state for renewable energy investments. Connecticut  
 122 Innovations, Incorporated, may use any amount in said fund for  
 123 expenditures which promote investment in renewable energy sources  
 124 in accordance with a comprehensive plan developed by it to foster the  
 125 growth, development and commercialization of renewable energy  
 126 sources, related enterprises and stimulate demand for renewable  
 127 energy, [and] deployment of renewable energy sources which serve  
 128 end use customers in this state, and the use of renewable energy  
 129 sources in areas of the state with transmission congestion. Such  
 130 expenditures may include, but not be limited to, grants, direct or  
 131 equity investments, contracts or other actions which support research,  
 132 development, manufacture, commercialization, deployment and  
 133 installation of renewable energy technologies, and actions which  
 134 expand the expertise of individuals, businesses and lending  
 135 institutions with regard to renewable energy technologies.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>July 1, 2002</i>
Sec. 5	<i>July 1, 2002</i>

**ET**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Fund-Type	Agency Affected	Current FY \$	FY 03 \$	FY 04 \$
Cost	CT Innovations Inc. (quasi-public)	-	Minimal	Minimal

Note: SF=Special Fund (Non-appropriated)

**Municipal Impact:** None

**Explanation**

Current law dictates that the state’s electric companies develop cost-effective conservation plans that are subject to the approval of the Department of Public Utility Control. The bill directs that electric taxpayer funds be targeted for certain purposes and results in no fiscal impact to the state.

In addition, current law requires Connecticut Innovations, Inc. to administer the Renewable Energy Investment Fund to promote renewable energy. The bill explicitly allows the use of these funds for projects related to electric transmission congestion and could divert funds from one project to another. The overall impact to the fund is anticipated to be minimal. The current fund balance, including commitments, is \$4 million.

Finally, there is no fiscal impact associated with the bill’s requirement that Eastern Connecticut State University’s Sustainable Energy Institute study the state’s transmission infrastructure.

**OLR Bill Analysis**

sSB 343

***AN ACT CONCERNING AN ELECTRIC TRANSMISSION PLAN*****SUMMARY:**

This bill explicitly allows electric ratepayer funds used to promote energy conservation and renewable energy programs to be targeted to parts of the state with electric transmission congestion. The law already requires the state's electric companies to develop cost-effective conservation plans, subject to Department of Public Utility Control (DPUC) approval, and specifies the types of programs that can be funded under these programs. It also requires Connecticut Innovations, Inc. to administer the Renewable Energy Investment Fund to promote renewable energy. Both initiatives are funded by charges on electric bills.

The law that restructured the electric industry to permit competition in effect required the companies to divest themselves of their power plants. The bill specifies that this provision does not preclude a company from installing generating capacity at an electric substation for transmission purposes.

The bill makes a minor change in the findings that the Connecticut Siting Council must make before it can approve a new power plant or an electric transmission line that is substantially underground or below water. Under current law, the council must find, among other things, that the facility provides a public benefit. The bill instead requires that the facility provide a net public benefit, but gives "net public benefit" the same meaning as "public benefit" under current law. Thus, by law, a facility provides a public benefit (and under the bill, a net public benefit) if it is needed for reliable electric power supply in the state or for a competitive electricity market.

Finally, the bill requires the Sustainable Energy Institute (based at Eastern Connecticut State University) to study the state's transmission infrastructure.

EFFECTIVE DATE: Upon passage for the study and the provision regarding generating capacity at substations, July 1, 2002 for the remaining provisions.

## **TRANSMISSION STUDY**

The bill requires the Sustainable Energy Institute to study the state's transmission infrastructure. The institute must consult with DPUC, the Office of Consumer Counsel, and the entity that administers New England's transmission system (the independent system operator). The institute must use the information gathered in the study to develop a plan. The plan must include options for maintaining and developing the infrastructure, including distributed generation (small-scale generating facilities, usually owned by the customer rather than the electric company); conservation measures; load management (shifting electricity consumption to off-peak hours); and improvements to the transmission infrastructure. The institute must submit its plan to the Energy and Technology Committee by January 1, 2003.

## **BACKGROUND**

### ***Related Bills***

sHB 5428, "An Act Concerning Electric Restructuring," favorably reported by the Energy and Technology Committee, makes many changes to the restructuring law, particularly with regard to the default service that electric companies must provide to customers who do not choose an electric supplier.

sHB 342, "An Act Concerning the Financing of Renewable Energy Projects," favorably reported by the Energy and Technology Committee, allows (1) Connecticut Innovations, Inc. to make advance commitments backed by the renewable energy charge on rate bills and (2) the Connecticut Development Authority to issue bonds backed by this commitment to finance renewable energy projects.

sHB 5609, "An Act Concerning the Protection of Long Island Sound," favorably reported by the Environment Committee, establishes a one-year moratorium on the siting council and the Department of Environmental Protection issuing final decision on pending applications for electric and gas transmission lines under Long Island Sounds. It requires the Sustainable Energy Institute to complete an

environmental assessment and plan for energy facilities crossing the sound.

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 15    Nay 0