



# Senate

General Assembly

**File No. 86**

February Session, 2004

Senate Bill No. 369

*Senate, March 16, 2004*

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 bill ought to pass.

***AN ACT CONCERNING FUEL DIVERSITY, ELECTRIC RELIABILITY AND PUBLIC SAFETY.***

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

1 Section 1. (NEW) (*Effective October 1, 2004*) Upon the declaration of a  
2 master satellite 2 level by the regional independent system operator, as  
3 defined in section 16-1 of the general statutes, as amended, no electric  
4 generator shall institute measures to limit its ability to deliver  
5 electricity to the electric power grid, including, but not limited to, the  
6 selling of its primary fuel supply or contract rights for delivery of its  
7 primary fuel supply.

8 Sec. 2. (*Effective from passage*) The Connecticut Energy Advisory  
9 Board, as established in section 16a-3 of the general statutes, as  
10 amended, in cooperation with the Department of Public Utility  
11 Control, shall study electric supply as it is affected by fuel diversity,  
12 including, but not limited to, how fuel diversity impacts reliability  
13 during peak periods and the nature of the region's natural gas supply

14 infrastructure and its impact on the ability of an electric generator to  
15 secure a firm contract for natural gas supply. Not later than November  
16 1, 2004, the Connecticut Energy Advisory Board shall submit a report  
17 of its findings and any resulting statutory recommendations to the  
18 joint standing committee of the General Assembly having cognizance  
19 of matters relating to energy, in accordance with section 11-4a of the  
20 general statutes.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>
Sec. 2	<i>from passage</i>

**ET**            *Joint Favorable*

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:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Public Utility Control, Dept.	CC&PUCF - None	None	None

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

**Municipal Impact:** None

**Explanation**

The bill restricts actions that electric generators can take when abnormal conditions exist on the power system. The bill also requires the Department of Public Utility Control and the Connecticut Energy Advisory Board (CEAB) to study how fuel diversity affects electric supply. The study will not require the Department of Public Utility Control to incur additional expenses; therefore there is no fiscal impact.

**OLR Bill Analysis**

SB 369

***AN ACT CONCERNING FUEL DIVERSITY, ELECTRIC RELIABILITY AND PUBLIC SAFETY*****SUMMARY:**

This bill prohibits electric generators from taking steps that limit their ability to deliver power to the grid when the grid operator declares a master satellite 2 level, i.e., that abnormal conditions exist on the power system or are expected to occur. These steps include the generator selling its primary fuel supply or its contracts for delivery of this supply. This provision may be preempted by federal law (see COMMENT).

The bill requires the Connecticut Energy Advisory Board (CEAB), in cooperation with the Department of Public Utility Control, to study electric supply as it is affected by the diversity of generating fuels. Among other things, the study must address how fuel diversity affects reliability during peak demand periods, the nature of the region's natural gas supply infrastructure, and the infrastructure's impact on the ability of electric generators to obtain firm contracts for natural gas supply. CEAB must report its findings and any resulting legislative proposals to the Energy and Technology Committee by November 1, 2004.

EFFECTIVE DATE: Upon passage for the CEAB study; October 1, 2004 for the generator provision.

**BACKGROUND*****Master Satellite Level 2 Declaration***

The grid operator (ISO-New England) makes a Master Satellite Level 2 declaration when abnormal power system conditions exist or are anticipated. This alert goes to its staff and participants in the wholesale market, including utilities and generators. Once notified, these personnel are expected to take steps so that routine maintenance, construction and test activities associated with power plants,

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transmission lines, substations, dispatch computers, and communications equipment do not further jeopardize the reliability of the power system. If the activities could jeopardize the reliability of the power system, they must be curtailed during the alert.

## COMMENT

### *Possible Preemption*

Since Connecticut restructured the electric industry with PA 98-28, generators in the state have operated in the wholesale power market, which is regulated by the Federal Energy Regulatory Commission (FERC). It appears that FERC has occupied the field of wholesale market regulation. As a result, to the extent that bill's provisions regarding generators are inconsistent with FERC regulations and rules, the bill's provisions might be preempted.

## COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Report

Yea 17    Nay 0