



General Assembly

January Session, 2005

Raised Bill No. 1137

LCO No. 3733

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Referred to Committee on Energy and Technology

Introduced by:
(ET)

**AN ACT CONCERNING FUNDING FOR LOCATIONAL INSTALLED
ELECTRICITY GENERATION CAPACITY.**

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

1 Section 1. Subsection (a) of section 16-1 of the general statutes is
2 amended by adding subdivisions (42) and (43) as follows (*Effective*
3 *October 1, 2005*):

4 (NEW) (42) "Environmental locational installed capacity payments"
5 means payments approved by the department to the developer or
6 owner of a qualifying electric generating facility pursuant to section 3
7 of this act. Such payments shall be nonbypassable and paid for by
8 customers of the electric distribution companies.

9 (NEW) (43) "Qualifying electric generating facility" means an
10 electric generating facility that (A) on or after June 30, 2003, has been
11 issued a certificate of environmental compatibility and public need by
12 the Connecticut Siting Council pursuant to chapter 277a of the general
13 statutes and that has not commenced commercial operation as of the
14 effective date of this section although its certification is valid, or (B)
15 will be constructed after the effective date of this section following a

16 recommendation of the Connecticut Energy Advisory Board at a site
17 where a power plant fueled primarily by oil or coal operated before
18 July 1, 1998, and has been retired, or (C) will be constructed following
19 a recommendation of the Connecticut Energy Advisory Board as a
20 peaking type facility or other configuration the Connecticut Energy
21 Advisory Board considers appropriate after the effective date of this
22 section, provided, to qualify pursuant to subparagraph (A) or (B) of
23 this section, the electric generating facility shall have dual fuel
24 capability or use renewable energy resources or otherwise provide fuel
25 diversity for the state.

26 Sec. 2. (NEW) (*Effective October 1, 2005*) There is established a
27 voluntary program whereby a qualifying electric generating facility
28 may receive fixed long-term capacity payments and, in return, once
29 debt service is complete, share a portion on its net revenues with the
30 state or the ratepayers of electric distribution companies in order to
31 partially offset increased transmission, federally mandated congestion
32 or other federal energy costs or other costs the department deems
33 appropriate.

34 Sec. 3. (NEW) (*Effective October 1, 2005*) (a) On and after August 1,
35 2005, the developer or owner of a qualifying electric generating facility,
36 as defined in subdivision (42) of subsection (a) of section 16-1 of the
37 general statutes, as amended by this act, may apply to the Department
38 of Public Utility Control for environmental locational installed capacity
39 payments. The applicant shall provide copies of the application to the
40 Commissioner of Environmental Protection and to the Connecticut
41 Energy Advisory Board.

42 (b) The Department of Public Utility Control may hold a hearing on
43 such application and shall render a decision no later than one hundred
44 twenty days after receipt of the application. The department shall
45 request comments from the Department of Environmental Protection
46 and the Energy Advisory Board regarding the application.

47 (c) The department shall determine the monthly amount of the

48 environmental locational installed capacity payments needed to cover
49 the qualifying electric generating facility's fixed capacity and fixed
50 operating costs in order for the developer or owner to secure financing
51 for the qualifying electric generating facility. Such monthly payment
52 shall be made from the date of commercial operation of the facility and
53 shall continue for a period of twenty years or until all financing
54 payments for the qualifying electric generating facility have been
55 made, whichever occurs first.

56 (d) The department shall approve environmental locational installed
57 capacity payments, defined in subdivision (42) of subsection (a) of
58 section 16-1 of the general statutes, as amended by this act, for a
59 qualifying electric generating facility. The department may approve
60 environmental locational capacity payments for all other qualifying
61 electric generating facilities if (1) it determines, in consultation with the
62 Commissioner of Environmental Protection, that it is likely that the
63 qualifying electric generating facility will improve the state's air
64 quality by displacing generation from more polluting power plants,
65 and (2) it determines that the qualifying electric generator facility will
66 help lower the market price for energy or will improve the reliability of
67 the electric system in the state.

68 (e) Any order of the department approving an application shall be
69 conditioned on a requirement that the owner of the qualifying electric
70 generating facility, on the completion of financing payments, agree to
71 provide a reasonable share of its net revenues to the state or the
72 ratepayers of electric distribution companies to partially offset
73 increased transmission, federally mandated congestion costs or other
74 federally mandated energy costs or other costs the department
75 considers appropriate. The department shall negotiate the terms and
76 conditions required by this subsection so as to serve the interests of the
77 public and ratepayers.

78 Sec. 4. (NEW) (*Effective October 1, 2005*) The rates charged by electric
79 distribution companies to their customers shall be adjusted to reflect

80 the costs of environmental locational installed capacity payments. Such
81 costs, if incurred before January 1, 2007, shall not be included as part of
82 the transitional standard offer rate which is subject to the rate cap set
83 forth in subparagraph (B) of subdivision (2) of subsection (b) of section
84 16-244c of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	16-1(a)
Sec. 2	<i>October 1, 2005</i>	New section
Sec. 3	<i>October 1, 2005</i>	New section
Sec. 4	<i>October 1, 2005</i>	New section

Statement of Purpose:

To permit a developer or owner of an electric generating facility to apply for environmental locational installed capacity payments.

[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.]