



House of Representatives

General Assembly

File No. 220

February Session, 2006

Substitute House Bill No. 5689

House of Representatives, March 29, 2006

The Committee on Energy and Technology reported through REP. FONTANA of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO PROVISIONS AFFECTING ELECTRIC DISTRIBUTION COMPANIES.

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

1 Section 1. Subsection (b) of section 16a-7c of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2006*):

4 (b) On or after December 1, 2004, not later than fifteen days after the
5 filing of an application pursuant to subdivision (1) of subsection (a) of
6 section 16-50i, as amended, except for an application for a facility
7 described in subdivision (5) or (6) of subsection (a) of section 16-50i, as
8 amended, or a facility described in subdivision (4) of subsection (a) of
9 said section 16-50i that is not part of a project that includes a facility
10 described in subdivision (1) of subsection (a) of said section 16-50i with
11 a voltage of three hundred forty-five kilovolts or more, the Connecticut
12 Energy Advisory Board shall issue a request-for-proposal to seek
13 alternative solutions to the need that will be addressed by the

14 proposed facility in such application. Such request-for-proposal shall,
15 where relevant, solicit proposals that include distributed generation or
16 energy efficiency measures. The board shall publish such request-for-
17 proposal in one or more newspapers or periodicals, as selected by the
18 board.

19 Sec. 2. Subdivision (2) of subsection (a) of section 16-50l of the
20 general statutes is repealed and the following is substituted in lieu
21 thereof (*Effective July 1, 2006*):

22 (2) On or after December 1, 2004, the filing of an application
23 pursuant to subdivision (1) of this subsection shall initiate the request-
24 for-proposal process, except for an application for a facility described
25 in subdivision (5) or (6) of subsection (a) of section 16-50i, as amended,
26 or a facility described in subdivision (4) of subsection (a) of said section
27 16-50i that is not part of a project that includes a facility described in
28 subdivision (1) of subsection (a) of said section 16-50i with a voltage of
29 three hundred forty-five kilovolts or more.

30 Sec. 3. Section 16-243e of the general statutes is repealed and the
31 following is substituted in lieu thereof (*Effective July 1, 2006*):

32 [(a) Any electric company, as defined in section 16-1, purchasing
33 electricity generated by a resources recovery facility, as defined in
34 section 22a-260, owned by, or operated by or for the benefit of, a
35 municipality or municipalities, shall enter into a contract with the
36 owner of such facility requiring the electric company to purchase all of
37 the electricity generated at such facility from waste which originated in
38 the franchise area of the electric company, for a period beginning on
39 the date that the facility begins generating electricity and having a
40 duration of not less than twenty years, at the same rate that the electric
41 company charges the municipality or municipalities for electricity.]

42 [(b)] Not later than April 1, 2000, the department shall determine the
43 rate paid for electricity generated at [the facility] a resources recovery
44 facility, as defined in section 22a-260, owned by, or operated by or for
45 the benefit of, a municipality or municipalities from waste that

46 originated within [the] an electric company's franchise area and that
47 was purchased under [each] a contract between an electric distribution
48 company and a resource recovery facility for the purchase of electricity
49 generated by the facility entered into [pursuant to subsection (a) of this
50 section] during calendar year 1999. Not later than October 1, 2000, and
51 annually thereafter, the department shall calculate the difference
52 between the amount paid by the successor electric distribution
53 company pursuant to each such contract in effect during the preceding
54 fiscal year for electricity generated at the facility from waste that
55 originated within such franchise area and the amount that would have
56 been paid had the company been obligated to pay the rate in effect
57 during calendar year 1999, as determined by the department. The
58 difference, if positive, shall be recovered through the systems benefits
59 charge established under section 16-245~~l~~, as amended, and remitted to
60 the regional resource recovery authority acting on behalf of member
61 municipalities.

62 Sec. 4. (NEW) (*Effective July 1, 2006*) Notwithstanding any limitation
63 imposed by its charter, each domestic electric company is authorized
64 and empowered to generate and transmit electric energy, and to
65 acquire utility facilities necessary or convenient for the purposes of its
66 electric utility business or undivided interests therein and to operate
67 the same, anywhere within or without this state, provided nothing in
68 this section shall be construed to authorize such a company to sell
69 electric energy in this state to any person, or within any area, except as
70 otherwise authorized by its charter or the general statutes. For
71 purposes of this section, "domestic electric company" means an electric
72 company or electric distribution company, as defined in section 16-1 of
73 the 2006 supplement to the general statutes, any membership electric
74 cooperative organized under chapter 597 and any municipal electric
75 utility or municipal electric energy cooperative, as defined respectively
76 in section 7-233b of the general statutes that has been chartered by or
77 organized or constituted within or under the laws of this state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	16a-7c(b)
Sec. 2	<i>July 1, 2006</i>	16-501(a)(2)
Sec. 3	<i>July 1, 2006</i>	16-243e
Sec. 4	<i>July 1, 2006</i>	New section

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:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
All	Various - Cost/Savings	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
All Municipalities	Cost/Savings	Potential	Potential

Explanation

The bill repeals a requirement that electric companies enter into contract for at least 20 years to buy power from municipal resource recovery authorities at the same rate that the electric company charges the municipality for power. There are approximately 115 towns and cities in the state which participate in the Connecticut Resources Recovery Authority (CRRRA). Although the CRRRA is not a state agency, the rate at which electric companies purchase power from CRRRA could impact electric rates in the state. If the rate at which electric companies purchase power from CRRRA increases or decreases as a result of the bill, the state and municipalities as rate payers could experience minimal costs or savings.

The bill makes other various changes to laws regarding electric companies, none of which have a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis
sHB 5689***AN ACT CONCERNING REVISIONS TO PROVISIONS AFFECTING ELECTRIC DISTRIBUTION COMPANIES.*****SUMMARY:**

This bill repeals a requirement that electric companies enter into long-term contracts to buy power from municipal resources recovery authorities (including the Connecticut Resources Recovery Authority) at the same rate that the electric company charges the municipality for power.

By law, the Connecticut Energy Advisory Board must seek and evaluate alternative proposals when an application is made to the Siting Council to build or modify energy facilities. The bill exempts applications for electric substations from this requirement, unless the substation is part of a high voltage (345 kilovolts or more) transmission line project.

The bill reinstates a provision repealed by PA 05-1, June Special Session, regarding “domestic electric companies.” The provision allows these companies to generate and transmit power and to acquire and operate needed utility facilities anywhere, regardless of any limitation in their charters. However, the companies can only sell power only in places or to customers as authorized by the statutes or their company charters. “Domestic electric companies” include electric distribution companies (Connecticut Light and Power and United Illuminating, municipal electric utilities, and the Connecticut Municipal Electric Energy Cooperative).

EFFECTIVE DATE: July 1, 2006

Resources Recovery Authorities

The bill repeals a requirement that electric companies must enter into contracts running for at least 20 years to buy power from

municipal resources recovery authorities at the same rate that the electric company charges the municipality for power. Under current law, the contract must cover all of the power generated from waste that originated in the company's franchise area.

The repealed provision may be moot. The electric restructuring law (PA 98-28) required electric companies to separate their generation components from their transmission/distribution components. Once the separation was completed in 1999, as required by CGS § 16-244e, Connecticut Light and Power and United Illuminating became "electric distribution companies" rather than "electric companies" (CGS § 16-1). PA 98-28 added references to electric distribution companies in most, but not all, of the laws that used the term "electric company."

BACKGROUND

Connecticut Energy Advisory Board

By law, CEAB must issue a request for proposals (RFP) for alternative solutions to the need addressed by a Siting Council application for an energy facility. It must do this within 15 days of the application's filing. Anyone can submit a proposal in response to the RFP within 60 days from its publication date. Within 45 days of the submission deadline, CEAB must issue a report that evaluates each of the proposals it has received for compliance with its infrastructure guidelines. CEAB must send the results of its evaluation to the Siting Council, and these results must be part of the record that forms the basis for the council's decision. Responders to the RFP have 30 days from the date CEAB reports on its evaluations, if they wish, to file applications with the Siting Council.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/14/2006)