



# Senate

General Assembly

**File No. 49**

February Session, 2006

Substitute Senate Bill No. 212

*Senate, March 21, 2006*

The Committee on Energy and Technology reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING BIOMASS.**

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

1 Section 1. Subdivision (26) of subsection (a) of section 16-1 of the  
2 2006 supplement to the general statutes is repealed and the following  
3 is substituted in lieu thereof (*Effective October 1, 2006*):

4 (26) "Class I renewable energy source" means (A) energy derived  
5 from solar power, wind power, a fuel cell, methane gas from landfills,  
6 ocean thermal power, wave or tidal power, low emission advanced  
7 renewable energy conversion technologies, a run-of-the-river  
8 hydropower facility provided such facility has a generating capacity of  
9 not more than five megawatts, does not cause an appreciable change in  
10 the river flow, and began operation after July 1, 2003, or a sustainable  
11 biomass facility [, including, but not limited to, a biomass gasification  
12 plant that utilizes land clearing debris, tree stumps or other biomass  
13 that regenerates or the use of which will not result in a depletion of  
14 resources, provided such biomass is cultivated and harvested in a  
15 sustainable manner and the] with an average emission rate [for such

16 facility is] of equal to or less than .075 pounds of nitrogen oxides per  
17 million BTU of heat input for the previous calendar quarter, except  
18 that energy derived from a sustainable biomass facility with a capacity  
19 of less than five hundred kilowatts that began construction before July  
20 1, 2003, may be considered a Class I renewable energy source,  
21 [provided such biomass is cultivated and harvested in a sustainable  
22 manner,] or (B) any electrical generation, including distributed  
23 generation, generated from a Class I renewable energy source.

24 Sec. 2. Subsection (a) of section 16-1 of the 2006 supplement to the  
25 general statutes is amended by adding subdivision (45) as follows  
26 (*Effective October 1, 2006*):

27 (NEW) (45) "Sustainable biomass" means biomass that is cultivated  
28 and harvested in a sustainable manner. "Sustainable biomass" does not  
29 mean construction or demolition wood, finished biomass products  
30 from sawmills, paper mills or stud mills, organic refuse fuel derived  
31 separately from municipal solid waste, or biomass from growth timber  
32 stands, except where (A) such biomass is used in a facility that receives  
33 funding from the Renewable Energy Investment Fund established  
34 pursuant to section 16-245n of the 2006 supplement to the general  
35 statutes, and (B) the energy derived from such biomass is subject to a  
36 long-term power purchase contract pursuant to subdivision (2) of  
37 subsection (j) of section 16-244c.

38 Sec. 3. Section 16-245a of the 2006 supplement to the general statutes  
39 is repealed and the following is substituted in lieu thereof (*Effective*  
40 *October 1, 2006*):

41 (a) [(1) On and after January 1, 2004, an electric supplier and an  
42 electric distribution company providing transitional standard offer  
43 pursuant to section 16-244c shall demonstrate to the satisfaction of the  
44 Department of Public Utility Control that not less than one per cent of  
45 the total output or services of such supplier or distribution company  
46 shall be generated from Class I renewable energy sources and an  
47 additional three per cent of the total output or services shall be from  
48 Class I or Class II renewable energy sources. On and after January 1,

49 2005, not less than one and one-half per cent of the total output or  
50 services of any such supplier or distribution company shall be  
51 generated from Class I renewable energy sources and an additional  
52 three per cent of the total output or services shall be from Class I or  
53 Class II renewable energy sources.] On and after January 1, 2006, an  
54 electric supplier and an electric distribution company providing  
55 standard service or supplier of last resort service, pursuant to section  
56 16-244c, as amended, shall demonstrate that not less than two per cent  
57 of the total output or services of any such supplier or distribution  
58 company shall be generated from Class I renewable energy sources  
59 and an additional three per cent of the total output or services shall be  
60 from Class I or Class II renewable energy sources. On and after  
61 January 1, 2007, not less than three and one-half per cent of the total  
62 output or services of any such supplier or distribution company shall  
63 be generated from Class I renewable energy sources and an additional  
64 three per cent of the total output or services shall be from Class I or  
65 Class II renewable energy sources. On and after January 1 2008, not  
66 less than five per cent of the total output or services of any such  
67 supplier or distribution company shall be generated from Class I  
68 renewable energy sources and an additional three per cent of the total  
69 output or services shall be from Class I or Class II renewable energy  
70 sources. On and after January 1, 2009, not less than six per cent of the  
71 total output or services of any such supplier or distribution company  
72 shall be generated from Class I renewable energy sources and an  
73 additional three per cent of the total output or services shall be from  
74 Class I or Class II renewable energy sources. On and after January 1,  
75 2010, not less than seven per cent of the total output or services of any  
76 such supplier or distribution company shall be generated from Class I  
77 renewable energy sources and an additional three per cent of the total  
78 output or services shall be from Class I or Class II renewable energy  
79 sources.

80 [(2)] (b) An electric supplier or electric distribution company may  
81 satisfy the requirements of [this subsection] subsection (a) of this  
82 section by [(A)] (1) purchasing [Class I or Class II renewable energy  
83 sources within the jurisdiction of the regional independent system

84 operator, or\* within the jurisdiction of New York, Pennsylvania, New  
85 Jersey, Maryland, and Delaware, provided the department determines  
86 such states have a renewable portfolio standard that is comparable to  
87 this section] electricity generated by a Class I or Class II renewable  
88 energy source located within the jurisdiction of the regional  
89 independent system operator, or (2) purchasing certificates issued by  
90 the New England Power Pool generation information system, which  
91 certificates are (A) for electricity produced by a generating unit (i)  
92 using a Class I or Class II renewable energy source, and (ii) located  
93 within the jurisdiction of the regional independent system operator, or  
94 (B) for electricity imported into the regional independent system  
95 operator control area pursuant to an external transaction for the output  
96 of a particular renewable energy resource identified in the regional  
97 system operator's market settlement system for purposes of the  
98 generation information system, that reflects the attributes of the  
99 renewable energy generating unit generating such electricity if (i) such  
100 generating unit produces electricity using a Class I or Class II  
101 renewable energy source; (ii) such electricity is imported from such  
102 generating unit in an adjacent control area into the regional system  
103 operator control area with transmission rights over the ties to the  
104 regional system operator; (iii) such electricity is actually settled in the  
105 market settlement system; (iv) the electric supplier or electric  
106 distribution company importing such electricity has registered the  
107 applicable generating unit in the generation information system; and  
108 (v) such electric supplier or electric distribution company provides the  
109 generation information system administrator with evidence, which has  
110 been independently verified by the generation information system  
111 administrator, that (I) the generating unit actually generated such  
112 electricity, (II) there is a North American Electric Reliability Council  
113 tag for such electricity, which tag meets the requirements of the  
114 independent system rules for external transactions for electricity and  
115 the requirements of the adjacent source system operator, and (III) the  
116 seller of such electricity has certified that the specified attributes have  
117 not been and will not be otherwise sold, retired, claimed, represented  
118 as part of electricity sold elsewhere or used to satisfy obligations of

119 another system operator; or [(B)] (3) by participating in a renewable  
120 energy trading program within said jurisdictions as approved by the  
121 Department of Public Utility Control.

122 [(3)] (c) Any supplier who provides electric generation services  
123 solely from a Class II renewable energy source shall not be required to  
124 comply with the provisions of this section.

125 [(b)] (d) An electric supplier or an electric distribution company  
126 shall base its demonstration of generation sources, as required under  
127 subsection (a) of this section on historical data, which may consist of  
128 data filed with the regional independent system operator.

129 [(c)] (e) (1) A supplier or an electric distribution company may make  
130 up any deficiency within its renewable energy portfolio within the first  
131 three months of the succeeding calendar year or as otherwise provided  
132 by generation information system operating rules approved by New  
133 England Power Pool or its successor to meet the generation source  
134 requirements of subsection (a) of this section for the previous year.

135 (2) No such supplier or electric distribution company shall receive  
136 credit for the current calendar year for generation from Class I or Class  
137 II renewable energy sources pursuant to this section where such  
138 supplier or distribution company receives credit for the preceding  
139 calendar year pursuant to subdivision (1) of this subsection.

140 [(d)] (f) The department shall adopt regulations, in accordance with  
141 the provisions of chapter 54, to implement the provisions of this  
142 section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2006	16-1(a)(26)
Sec. 2	October 1, 2006	16-1(a)
Sec. 3	October 1, 2006	16-245a

**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	Potential Indeterminate	Potential Indeterminate

**Municipal Impact:**

Municipalities	Effect	FY 07 \$	FY 08 \$
All Municipalities	Cost	Potential Indeterminate	Potential Indeterminate

**Explanation**

The bill modifies how electric utilities and competitive electric suppliers can obtain power to meet the state’s renewable portfolio standard (RPS). To the extent that the bill narrows the types of biomass that count as Class I renewable energy sources and eliminates suppliers ability to buy power from certain states, this could result in an increase in electric rates. For example, under the bill construction and demolition debris are no longer classified as a Class I renewable energy source for purposes of RPS. By limiting the definition of Class I renewable resources, the cost of meeting the state’s renewable portfolio standard for electric utilities and suppliers could increase, and such costs could be passed onto rate payers. It is uncertain at this time how much rates will increase as a result of the bill, or if they will increase at all.

**The Out Years**

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

**OLR Bill Analysis**  
**sSB 212**

***AN ACT CONCERNING BIOMASS.***

**SUMMARY:**

By law, electric utilities and competitive electric suppliers must get part of their power from renewable resources under the state's renewable portfolio standard (RPS). This bill modifies how the utilities and suppliers can meet this requirement, notably as to where the renewable power is generated.

There are three classes of renewable resources under the RPS. The bill narrows the type of wood and other biomass products that count as class I resources.

EFFECTIVE DATE: October 1, 2006

**RENEWABLE PORTFOLIO STANDARD**

Under the RPS, utilities and competitive suppliers must get some of their power from class I resources such as wind power or fuel cells. They must obtain another part of their power either from these resources or class II resources, such as resources recovery facilities. By law, utilities and suppliers can buy the power from generators in New England. The bill eliminates suppliers' ability to buy such power, starting January 1, 2010, from generators in New York and the mid-Atlantic states (Delaware, Maryland, New Jersey, and Pennsylvania) if the Department of Public Utility Control (DPUC) determines that these states have portfolio standards comparable to Connecticut's RPS.

By law, utilities and suppliers can alternatively meet Connecticut's RPS by participating in a DPUC-approved renewable energy trading program. Under trading programs, renewable generators get certificates for the power they produce, which they sell to utilities and

suppliers who are subject to RPS requirements in Connecticut or other states. The certificates are associated with the power, but can be sold separately.

The bill appears to modify the geographical scope of the DPUC-approved programs. Under current law, the trading program covers New England and, if approved by DPUC, New York and the mid-Atlantic states. The bill appears to (1) prohibit generators in the mid-Atlantic states from participating in the program and (2) allow generators in Quebec and the maritime provinces (New Brunswick, Nova Scotia, and Prince Edward Island) to participate.

The bill also allows utilities and suppliers to participate in a specific trading program. Under this program, utilities and suppliers can purchase certificates issued by the New England Power Pool generation information system (GIS) associated with power generated in New England from class I and II resources. They can also buy certificates associated with renewable power imported into New England under limited circumstances. These are that:

1. the power imported into New England must come from a particular class I or II resource in New York, Quebec, or the maritime provinces;
2. the resource must be identified in the market settlement system that is managed by the independent system operator (ISO, the entity that administers the New England wholesale market);
3. the identification must be made for purposes of the GIS and must specify the “attributes” of the power associated with the certificate (e.g., the type of resource used to produce the power);
4. the power must be imported into New England “with transmission rights over the ties” to ISO (it is not clear what this phrase means);
5. the sale of power itself must be settled in the market settlement system;

6. the utility or supplier that imports the power must have registered the generating unit in the GIS and;
7. the import must provide the GIS administrator with evidence that (a) the generating unit actually generated the power, (b) there is a North American Electric Reliability Council "tag" for this power that meets ISO requirements for external transaction and the requirements of ISO's counterpart in the region where the generator is located, and (c) the seller of the power has certified that the "attributes" of the power have not been and will not be sold, retired, claimed, represented as part of the power sold elsewhere or used to met the obligations of another system operator (i.e., no double counting the certificates). The GIS administrator must independently verify this information.

### **CLASS I BIOMASS RESOURCES**

By law, utilities and competitive suppliers must obtain part of their power from class I resources. The bill narrows the types of biomass that count as class I. Current law includes power from two types of facilities that use biomass resources in class I. The first type is power produced from a biomass facility that emits no more than .075 pounds of nitrogen oxides per million British thermal units (BTUs) of heat input for the previous calendar quarter. (A cord of wood has about 21 million BTUs.) Such facilities include plants that turn the biomass into a gas. These plants can use land clearing debris, tree stumps, or biomass that regenerates or whose use will not deplete resources. In the case of biomass that is cultivated and harvested (e.g., trees), it must be done so in a sustainable manner. The second type of biomass resources that currently counts as class I is the power produced at a biomass facility that began construction before July 1, 2003 and has a capacity of less than 500 kilowatts. This type of facility is not subject to the emission limit, but it must use biomass that is cultivated and harvested in a sustainable manner.

The bill generally excludes the following from the types of resources that count as class I under both of these provisions: construction and

demolition wood; finished biomass products from sawmills, paper mills, and stud mills; organic refuse derived from municipal solid waste, and biomass from "growth timber stands." However, these resources can be used in a facility that receives funding from the state's Clean Energy Fund, if the energy derived from this biomass is subject to a long-term power purchase contract under "Project 100." By law, electric companies must enter into such contracts with renewable resources facilities that have a capacity of at least one megawatt (1,000 kilowatts).

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/07/2006)