



General Assembly

February Session, 2006

Raised Bill No. 5525

LCO No. 2003

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Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING ELECTRICITY CONSERVATION.

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

1 Section 1. Subdivision (6) of subsection (a) of section 16-244e 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2 2006 supplement to the general statutes is repealed and the following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 (6) Once unbundling is completed to the satisfaction of the
5 department and consistent with the provisions of section 16-244, (A)
6 any corporate affiliate or separate division that provides electric
7 generation services as a result of unbundling pursuant to this
8 subsection shall be considered a generation entity or affiliate of the
9 electric company, and the division or corporate affiliate of the electric
10 company that provides transmission and distribution services shall be
11 considered an electric distribution company, and (B) an electric
12 distribution company shall not own or operate generation assets,
13 except as provided in subsection (e) of this section, [and] section 16-
14 243m and section 2 of this act.

15 Sec. 2. (NEW) (*Effective October 1, 2006*) On or before February 1,
16 2007, the Department of Public Utility Control shall conduct a

17 contested case proceeding to develop and issue a request for proposals
18 to solicit the development of Class I renewable energy sources, as
19 defined in section 16-1 of the 2006 supplement to the general statutes
20 by electric distribution companies, as defined in said section 16-1. In
21 submitting a proposal to the department, an electric distribution
22 company shall include (1) its full projected costs such that any project
23 costs recovered from or defrayed by ratepayers are included in the
24 projected costs, and (2) a demonstration that its bid is not supported in
25 any form of cross subsidization by affiliated entities. If an electric
26 distribution company's proposal is approved by the department, the
27 costs and revenues of such proposal shall not be included in
28 calculating such company's earnings for purposes of, or in determining
29 whether, its rates are just and reasonable under sections 16-19, 16-19a
30 and 16-19e of the general statutes.

31 Sec. 3. Subdivision (2) of subsection (a) of section 16-245a of the 2006
32 supplement to the general statutes is repealed and the following is
33 substituted in lieu thereof (*Effective October 1, 2006*):

34 (2) An electric supplier or electric distribution company may satisfy
35 the requirements of this subsection by (A) purchasing Class I or Class
36 II renewable energy sources within the jurisdiction of the regional
37 independent system operator, or* within the jurisdiction of New York,
38 Pennsylvania, New Jersey, Maryland, and Delaware, provided the
39 department determines such states have a renewable portfolio
40 standard that is comparable to this section; [or] (B) by participating in a
41 renewable energy trading program within said jurisdictions as
42 approved by the Department of Public Utility Control; or (C) in the
43 case of an electric distribution company, by providing electricity from
44 its Class I renewable energy sources developed pursuant to section 2 of
45 this act, provided an electric distribution company shall not receive
46 credit for more than one-quarter of its Class I requirements in this
47 manner.

48 Sec. 4. Section 16-19kk of the general statutes is repealed and the

49 following is substituted in lieu thereof (*Effective October 1, 2006*):

50 (a) The General Assembly finds that if the earnings of electric, gas,
51 telephone and water public service companies, as defined in section
52 16-1, as amended, are adversely affected by such companies'
53 conservation and load management programs or other programs
54 promoting the state's economic development, energy and other policy,
55 those companies will have a disincentive to implement such programs.
56 The General Assembly further finds that in order to further the
57 implementation of such programs the earnings of electric, gas,
58 telephone and water companies should be consistent with the
59 principles and guidelines set forth in sections 16-19e, 16-19aa and 16-
60 19kk to 16-19oo, inclusive, and 16a-49 notwithstanding participation in
61 conservation and load management programs and other programs
62 authorized by the Department of Public Utility Control, promoting the
63 state's economic development, energy and other policy.

64 (b) The department shall complete, on or before December 31, [1991]
65 2006, an investigation into the relationship between a company's
66 volume of sales and its earnings. The department shall, on or before
67 July 1, [1993] 2007, implement rate-making and other procedures and
68 practices in order to encourage the implementation of conservation
69 and load management programs and other programs authorized by
70 the department promoting the state's economic development, energy
71 and other policy. Such procedures to implement a modification or
72 elimination of any direct relationship between the volume of sales and
73 the earnings of electric, gas, telephone and water companies may
74 include the adoption of a sales adjustment clause pursuant to
75 subsection (i) of section 16-19b, as amended, or other adjustment
76 clause similar thereto and, for an electric distribution company, shall
77 include the adoption of a hold harmless clause for the rate of return
78 earned for the transmission and distribution of electricity that was
79 projected compared to the actual rate of return earned for the
80 transmission and distribution of electricity where the amount of
81 electricity transmitted and distributed was reduced due to

82 conservation and load measures, as determined by the department.
83 The department's investigation shall include a review of its regulations
84 and policies to identify any existing disincentives to the development
85 and implementation of cost effective conservation and load
86 management programs and other programs promoting the state's
87 economic development, energy and other policy.

88 (c) Notwithstanding the provisions of subdivision (4) of subsection
89 (a) of section 16-19e, in a proceeding under subsection (a) of section 16-
90 19 the department shall consider for an electric, gas, telephone or
91 water public service company, as defined in section 16-1, as amended,
92 in establishing the company's authorized return within the range of
93 reasonable rates of return: Quality, reliability and cost of service
94 provided by the company, the reduced or shifted demand for
95 [electricity,] gas or water resulting from the company's conservation
96 and load management programs approved by the department, the
97 company's successful implementation of programs supporting
98 economic development of the state and the company's success in
99 decreasing or constraining dependence on the use of petroleum or any
100 other criteria consistent with the state energy or other policy. The
101 department may also establish other performance-based incentives
102 both related and unrelated to the company's rate of return designed to
103 implement the purposes of said sections 16-19e, 16-19aa, 16-19kk to 16-
104 19oo, inclusive, and 16a-49.

105 (d) On and after January 1, 2007, and annually thereafter, the
106 department and the Connecticut Siting Council shall conduct a
107 contested case proceeding to determine whether the rate of electric
108 growth and demand for each electric distribution company, taking into
109 consideration weather and economic recession, declined during the
110 previous year. Notwithstanding the provisions of subsection (g) of
111 section 16-19, if the rate of growth and demand declined for only one
112 company, the department shall allow the company to earn a return on
113 equity that exceeds the return authorized by the department by not
114 more than three-tenths of one per cent. Notwithstanding the

115 provisions of subsection (g) of section 16-19, if the rate of growth and
 116 demand declined for both companies, the department shall allow the
 117 company with the greatest decline to earn a return on equity that
 118 exceeds the return authorized by the department by not more than
 119 three-tenths of one per cent, and shall allow the company with the
 120 least decline to earn a return on equity that exceeds the return
 121 authorized by the department by not more than one-tenth of one per
 122 cent.

123 [(d)] (e) In any proceeding before the department in which a
 124 company seeks beneficial rate treatment pursuant to this section, the
 125 Office of Consumer Counsel may retain independent experts to
 126 provide analysis, evaluation and testimony to address the issue of the
 127 appropriateness of such beneficial treatment under consideration in
 128 the proceeding, and all reasonable and proper expenses, to provide
 129 such analysis, evaluation and testimony, to a maximum of fifty
 130 thousand dollars per proceeding, shall be paid by the company and
 131 shall be proper rate-making expenses.

132 [(e)] (f) The Department of Public Utility Control may adopt
 133 regulations, in accordance with the provisions of chapter 54, to carry
 134 out the purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	16-244e(a)(6)
Sec. 2	<i>October 1, 2006</i>	New section
Sec. 3	<i>October 1, 2006</i>	16-245a(a)(2)
Sec. 4	<i>October 1, 2006</i>	16-19kk

Statement of Purpose:

To allow electric distribution companies to own Class I renewable energy sources and to provide incentives to electric distribution companies to institute conservation and load management measures.

[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.]