



General Assembly

February Session, 2008

Bill No. 22

LCO No. 594

00594_____

Referred to Committee on Energy and Technology

Introduced by:

SEN. MCKINNEY, 28th Dist.

REP. CAFERO, 142nd Dist.

AN ACT CONCERNING A PROCUREMENT AUCTION FOR ELECTRIC GENERATION SERVICES.

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

1 Section 1. Subsection (c) of section 16-244c of the 2008 supplement to
2 the general statutes is amended by adding subdivision (6) as follows
3 (*Effective from passage*):

4 (NEW) (6) (A) For calendar years 2009 and 2010, notwithstanding
5 the provisions of subdivisions (3) to (5), inclusive, of this subsection,
6 each electric distribution company shall use a market-based online
7 auction process to procure electric generation services contracts for not
8 more than twenty per cent of their standard service requirements,
9 under such terms and conditions as the department deems to be in
10 ratepayers' best interest.

11 (B) The department, in consultation with the Office of Consumer
12 Counsel, shall retain the services of a third-party entity with expertise
13 in the area of online auction energy procurement to provide the

14 auction platform, market analysis, data management and auction
15 services for the procurement of electric generation services pursuant to
16 this subsection. Costs associated with the retention of the third-party
17 entity shall be included in the cost of electric generation services in the
18 final accepted bids.

19 (C) The auction shall be open to all qualified entities that meet any
20 requirements the department deems necessary to participate in the
21 auction, including, but not limited to, financial assurance
22 requirements. Each bidder for a standard service contract shall submit
23 its bid to the third-party entity through the auction platform. The
24 department and the electric distribution companies shall jointly review
25 bids with the third-party entity and accept final bids at the close of the
26 auction, provided the department deems the results to be in
27 ratepayers' best interest, or reject all bids. If the department rejects all
28 bids, the electric distribution company and the auction administrator
29 may run additional auctions to obtain electric generation services.

30 (D) Following implementation of the online auction for the years
31 specified in this section, but no later than January 1, 2011, the
32 department shall analyze and evaluate the auction data and present
33 findings and recommendations to the Governor and the joint standing
34 committee of the General Assembly having cognizance of matters
35 relating to energy. The department shall describe the effectiveness of
36 the auction process, including an analysis of the advantages and
37 disadvantages of this particular method of market-based online
38 auction for the procurement of standard service, and make
39 recommendations for future application of each procurement method.

40 (E) On or after July 1, 2011, when procuring electric generation
41 services contracts, the department may use either the auction method
42 or the request for proposal process, or both, in any manner it deems to
43 be in ratepayers' best interest.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	16-244c(c)
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Statement of Purpose:

To implement the Governor's budget recommendations.

[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.]