



General Assembly

**Amendment**

February Session, 2008

LCO No. 5322

\*SB0038905322HDO\*

Offered by:

REP. FONTANA, 87<sup>th</sup> Dist.

REP. NARDELLO, 89<sup>th</sup> Dist.

To: Senate Bill No. 389

File No. 215

Cal. No. 280

**"AN ACT CONCERNING THE CONNECTICUT CLEAN ENERGY FUND."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective from passage*) (a) On or before July 1, 2008,  
4 and in subsequent calendar years as necessary pursuant to subsection  
5 (d) of this section, the Department of Public Utility Control shall,  
6 through a contested case proceeding, determine the cost of service,  
7 including a reasonable rate of return on equity, of each power  
8 generation plant in the state that uses uranium fuel or coal to produce  
9 all or part of its electric output. The department shall conduct a  
10 separate contested case proceeding for each such power generation  
11 plant. Each such power generation plant shall be entitled to, but not  
12 required to, participate in the investigative proceeding related to its  
13 cost of service and in the absence of such participation, the department  
14 shall develop the cost of service using reasonable estimates.

15 (b) Not later than ninety days after a decision by the department in  
16 a contested case proceeding pursuant to subsection (a) of this section  
17 regarding a power generation plant, the electric distribution company  
18 for the territory in which the power generation plant is located shall  
19 offer to enter into a contract with the power generation plant of a term  
20 of between five and fifteen years. The compensation to the power  
21 generation plant under such contract shall reflect the cost of service  
22 determination, including a reasonable rate of return, made by the  
23 department in the contested case proceeding for the first year of the  
24 contract and adjusted each year in an annual retail generation rate  
25 contested case to reflect the prudently incurred costs of such power  
26 generation plant, including, but not limited to, capital costs, operation  
27 and maintenance expenses, depreciation, fuel costs, taxes and other  
28 governmental charges, emissions allowances and a reasonable rate of  
29 return on equity. A power generation plant may also seek more  
30 frequent review by the department if compensation under the contract  
31 becomes so low that it jeopardizes continued operation of the plant. A  
32 person operating a power generation plant under contract pursuant to  
33 this section shall bid the unit into all applicable regional independent  
34 system operator markets, including the energy market, capacity  
35 market or forward reserve market, using cost-of-service principles and  
36 pursuant to guidelines established by the department each year in the  
37 annual retail generation rate case pursuant to this section.

38 (c) The costs and administrative costs of any contracts described in  
39 this section shall be recovered from ratepayers through nonbypassable  
40 federally mandated congestion charges or other nonbypassable  
41 charges.

42 (d) If a power generation plant declines to enter into a contract with  
43 an electric distribution company approved by the department  
44 pursuant to subsection (b) of this section, such power generation plant  
45 shall be subject to an annual market incentive recovery charge. Each  
46 calendar year, the department shall determine the market incentive  
47 recovery charge, which shall be the entire amount of the positive  
48 difference between (1) what such plant has earned in the calendar year

49 from its power generation operations, including payments received  
50 under the regional independent system operator markets and pursuant  
51 to bilateral contracts, and (2) the plant's cost of service, including a  
52 reasonable rate of return on equity, as determined by the department  
53 each calendar year pursuant to subsection (a) of this section. The  
54 market incentive recovery charge shall be returned to customers  
55 through a credit to nonbypassable federally mandated congestion  
56 charges or another nonbypassable charge approved by the  
57 department. Such credit shall be in the form of a rebate on electric  
58 distribution company customers' monthly electric bills. The  
59 department shall determine the market incentive recovery charge for  
60 each power generation plant in a contested case in which the power  
61 generation plant owner is entitled to, but not required to, participate. If  
62 the power generation plant owner does not participate in its market  
63 incentive recovery charge proceeding or does not provide information  
64 to the department necessary for a determination of the charge, the  
65 department shall derive the market incentive recovery charge using  
66 reasonable estimates."