



General Assembly

January Session, 2009

Raised Bill No. 6636

LCO No. 4481

04481_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING THE CONNECTICUT CLEAN ENERGY FUND.

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

1 Section 1. Subdivision (2) of subsection (j) of section 16-244c of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (2) Notwithstanding the provisions of subsection (d) of this section
5 regarding an alternative transitional standard offer option or an
6 alternative standard service option, an electric distribution company
7 providing transitional standard offer service, standard service,
8 supplier of last resort service or back-up electric generation service in
9 accordance with this section shall, not later than July 1, [2008] 2011, file
10 with the Department of Public Utility Control for its approval one or
11 more long-term power purchase contracts from Class I renewable
12 energy source projects that receive funding from the Renewable
13 Energy Investment Fund and that are not less than one megawatt in
14 size, [at a price that is either, at the determination of the project
15 owner, (A) not more than the total of the comparable wholesale market
16 price for generation plus five and one-half cents per kilowatt hour, or

17 (B) fifty per cent of the wholesale market electricity cost at the point at
18 which transmission lines intersect with each other or interface with the
19 distribution system, plus the project cost of fuel indexed to natural gas
20 futures contracts on the New York Mercantile Exchange at the natural
21 gas pipeline interchange located in Vermillion Parish, Louisiana that
22 serves as the delivery point for such futures contracts, plus the fuel
23 delivery charge for transporting fuel to the project, plus five and one-
24 half cents per kilowatt hour.] Contracts entered into on or after August
25 1, 2009, shall include a requirement that the owner of the Class I
26 renewable energy project be compensated at a cost-based rate, in cents
27 per kilowatt-hour, that provides the opportunity for the project to earn
28 a reasonable rate of return if the project operates at a sufficient capacity
29 factor. The department shall determine the rates, the capacity factor
30 and other factors prior to the commencement of any contract and the
31 department may adjust such rates, capacity factor and other factors not
32 more than once every five years. The department may establish a five-
33 year review proceeding at its discretion or at the request of the owner
34 of the Class I renewable energy project. In its approval of such
35 contracts, the department shall give preference to purchase contracts
36 from those projects that would provide a financial benefit to ratepayers
37 or would enhance the reliability of the electric transmission system of
38 the state and the department may accept or reject any proposed
39 contract as public interest requires. Such projects shall be located in
40 this state. [The owner of a fuel cell project principally manufactured in
41 this state shall be allocated all available air emissions credits and tax
42 credits attributable to the project and no less than fifty per cent of the
43 energy credits in the Class I renewable energy credits program
44 established in section 16-245a attributable to the project.] On and after
45 October 1, 2007, [and until September 30, 2008,] such contracts shall be
46 comprised of not less than a total, apportioned among each electric
47 distribution company, of one hundred twenty-five megawatts; and on
48 and after [October 1, 2008] July 1, 2011, such contracts shall be
49 comprised of not less than a total, apportioned among each electrical
50 distribution company, of one hundred fifty megawatts. The cost of

51 such contracts and the administrative costs for the procurement of
52 such contracts directly incurred shall be [eligible for inclusion in the
53 adjustment to the transitional standard offer as provided in this section
54 and any subsequent rates for standard service, provided such contracts
55 are] at the department's discretion from time to time, either included in
56 nonbypassable federally mandated congestion charges or in the rates
57 for standard service and any benefits, including, but not limited to, the
58 value of renewable energy credits received through a contract, shall be
59 distributed in the same manner as the costs. A project owner who has
60 signed a contract on or before April 1, 2009, and whose contractual
61 compensation is not indexed to the cost of natural gas fuel may make a
62 single request to the department to adjust its contract due to issues of
63 financeability, provided such a request is made before September 1,
64 2009, and may include a request that the existing contract be extended
65 to cover the full output of the project. The department, upon receipt of
66 such a request, may open a proceeding to consider whether to adopt
67 any adjustments to such a contract, including, but not limited to,
68 converting it to a cost-based contract that may include a fuel cost
69 adjustment clause, as the department determines is in the public
70 interest. A proceeding opened by the department pursuant to this
71 subdivision shall be conducted as an uncontested proceeding, but the
72 project developer shall present evidence and testimony of a financial
73 expert to the department, at the project developer's expense, as to the
74 necessity of adjusting the contract. The contracts shall be for a period
75 of time sufficient to provide financing for such projects, but not less
76 than ten years, and are for projects which began operation on or after
77 July 1, 2003. [Except as provided in this subdivision, the amount from
78 Class I renewable energy sources contracted under such contracts shall
79 be applied to reduce the applicable Class I renewable energy source
80 portfolio standards. For purposes of this subdivision, the department's
81 determination of the comparable wholesale market price for
82 generation shall be based upon a reasonable estimate.] On or before
83 September 1, 2007, the department, in consultation with the Office of
84 Consumer Counsel and the Renewable Energy Investments Advisory

85 Council, shall study the operation of such renewable energy contracts
86 and report its findings and recommendations to the joint standing
87 committee of the General Assembly having cognizance of matters
88 relating to energy.

89 Sec. 2. Subsection (e) of section 16-245n of the general statutes is
90 repealed and the following is substituted in lieu thereof (*Effective from*
91 *passage*):

92 (e) The Renewable Energy Investments Board shall include not
93 more than fifteen individuals with knowledge and experience in
94 matters related to the purpose and activities of the Renewable Energy
95 Investment Fund. The board shall consist of the following members:
96 (1) One person with expertise regarding renewable energy resources
97 appointed by the speaker of the House of Representatives; (2) one
98 person representing a state or regional organization primarily
99 concerned with environmental protection appointed by the president
100 pro tempore of the Senate; (3) one person with experience in business
101 or commercial investments appointed by the majority leader of the
102 House of Representatives; (4) one person representing a state or
103 regional organization primarily concerned with environmental
104 protection appointed by the majority leader of the Senate; (5) one
105 person with experience in business or commercial investments
106 appointed by the minority leader of the House of Representatives; (6)
107 the Commissioner of Emergency Management and Homeland Security
108 or the commissioner's designee; (7) one person with expertise
109 regarding renewable energy resources appointed by the Governor; (8)
110 two persons with experience in business or commercial investments
111 appointed by the board of directors of Connecticut Innovations,
112 Incorporated; (9) a representative of a state-wide business association,
113 manufacturing association or chamber of commerce appointed by the
114 minority leader of the Senate; (10) the Consumer Counsel or the
115 Consumer Counsel's designee; (11) the Secretary of the Office of Policy
116 and Management or the secretary's designee; (12) the Commissioner of
117 Environmental Protection or the commissioner's designee; (13) a

118 representative of organized labor appointed by the Governor; and (14)
119 a representative of residential customers or low-income customers
120 appointed by Governor. On a biennial basis, the board shall elect a
121 chairperson and vice-chairperson from among its members and shall
122 adopt such bylaws and procedures it deems necessary to carry out its
123 functions. The board may establish committees and subcommittees as
124 necessary to conduct its business.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-244c(j)(2)
Sec. 2	<i>from passage</i>	16-245n(e)

Statement of Purpose:

To make certain modifications to Project 150 and to the Renewable Energy Investment Board.

[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.]