



General Assembly

January Session, 2009

Substitute Bill No. 6636

* HB06636ET 031909 *

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2 general statutes is repealed and the following is substituted in lieu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 source project be compensated at a cost-based rate,
27 in cents per kilowatt-hour, that provides the opportunity for the
28 project to earn a reasonable rate of return if the project operates at a
29 sufficient capacity factor. The department shall determine the rates, the
30 capacity factor and other factors prior to the commencement of any
31 contract and the department may adjust such rates, capacity factor and
32 other factors not more than once every five years. The department may
33 establish a five-year review proceeding at its discretion or at the
34 request of the owner of the Class I renewable energy source project. In
35 its approval of such contracts, the department shall give preference to
36 purchase contracts from those projects that would provide a financial
37 benefit to ratepayers or would enhance the reliability of the electric
38 transmission system of the state and the department may approve or
39 disapprove any proposed contract as public interest requires. Such
40 projects shall be located in this state. [The owner of a fuel cell project
41 principally manufactured in this state shall be allocated all available air
42 emissions credits and tax credits attributable to the project and no less
43 than fifty per cent of the energy credits in the Class I renewable energy
44 credits program established in section 16-245a attributable to the
45 project.] On and after October 1, 2007, [and until September 30, 2008,]
46 such contracts shall be comprised of not less than a total, apportioned
47 among each electric distribution company, of one hundred twenty-five
48 megawatts; and on and after [October 1, 2008] July 1, 2011, such
49 contracts shall be comprised of not less than a total, apportioned
50 among each electrical distribution company, of one hundred fifty
51 megawatts. The cost of such contracts and the administrative costs for
52 the procurement of such contracts directly incurred shall be [eligible
53 for inclusion in the adjustment to the transitional standard offer as
54 provided in this section and any subsequent rates for standard service,
55 provided such contracts are] at the department's discretion from time
56 to time, either included in nonbypassable federally mandated
57 congestion charges or in the rates for standard service and any

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

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

92 *passage*):

93 (e) The Renewable Energy Investments Board shall include not
94 more than fifteen individuals with knowledge and experience in
95 matters related to the purpose and activities of the Renewable Energy
96 Investment Fund. The board shall consist of the following members:
97 (1) One person with expertise regarding renewable energy resources
98 appointed by the speaker of the House of Representatives; (2) one
99 person representing a state or regional organization primarily
100 concerned with environmental protection appointed by the president
101 pro tempore of the Senate; (3) one person with experience in business
102 or commercial investments appointed by the majority leader of the
103 House of Representatives; (4) one person representing a state or
104 regional organization primarily concerned with environmental
105 protection appointed by the majority leader of the Senate; (5) one
106 person with experience in business or commercial investments
107 appointed by the minority leader of the House of Representatives; (6)
108 the Commissioner of Emergency Management and Homeland Security
109 or the commissioner's designee; (7) one person with expertise
110 regarding renewable energy resources appointed by the Governor; (8)
111 two persons with experience in business or commercial investments
112 appointed by the board of directors of Connecticut Innovations,
113 Incorporated; (9) a representative of a state-wide business association,
114 manufacturing association or chamber of commerce appointed by the
115 minority leader of the Senate; (10) the Consumer Counsel or the
116 Consumer Counsel's designee; (11) the Secretary of the Office of Policy
117 and Management or the secretary's designee; (12) the Commissioner of
118 Environmental Protection or the commissioner's designee; (13) a
119 representative of organized labor appointed by the Governor; and (14)
120 a representative of residential customers or low-income customers
121 appointed by Governor. On a biennial basis, the board shall elect a
122 chairperson and vice-chairperson from among its members and shall
123 adopt such bylaws and procedures it deems necessary to carry out its
124 functions. The board may establish committees and subcommittees as
125 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 Legislative Commissioners:

In section 1, "Class I renewable energy project" was changed to " Class I renewable energy source project" and "accept or reject" was changed to "approve or disapprove", for statutory consistency.

ET *Joint Favorable Subst.-LCO*