



General Assembly

Amendment

January Session, 2009

LCO No. 9211

HB0660609211HRO

Offered by:

REP. WILLIAMS, 68th Dist.

SEN. KANE, 32nd Dist.

To: Subst. House Bill No. 6606

File No. 282

Cal. No. 226

"AN ACT CONCERNING MINOR REVISIONS TO ENERGY STATUTES."

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

3 "Sec. 501. Subdivision (2) of subsection (j) of section 16-244c of the
4 general statutes is repealed and the following is substituted in lieu
5 thereof (*Effective from passage*):

6 (2) Notwithstanding the provisions of subsection (d) of this section
7 regarding an alternative transitional standard offer option or an
8 alternative standard service option, an electric distribution company
9 providing transitional standard offer service, standard service,
10 supplier of last resort service or back-up electric generation service in
11 accordance with this section shall, not later than July 1, [2008] 2011, file
12 with the Department of Public Utility Control for its approval one or
13 more long-term power purchase contracts from Class I renewable
14 energy source projects that receive funding from the Renewable

15 Energy Investment Fund and that are not less than one megawatt in
16 size. [at a price that is either, at the determination of the project
17 owner, (A) not more than the total of the comparable wholesale market
18 price for generation plus five and one-half cents per kilowatt hour, or
19 (B) fifty per cent of the wholesale market electricity cost at the point at
20 which transmission lines intersect with each other or interface with the
21 distribution system, plus the project cost of fuel indexed to natural gas
22 futures contracts on the New York Mercantile Exchange at the natural
23 gas pipeline interchange located in Vermillion Parish, Louisiana that
24 serves as the delivery point for such futures contracts, plus the fuel
25 delivery charge for transporting fuel to the project, plus five and one-
26 half cents per kilowatt hour.] Contracts entered into on or after August
27 1, 2009, shall include a requirement that the owner of the Class I
28 renewable energy source project be compensated at a cost-based rate,
29 in cents per kilowatt-hour, that provides the opportunity for the
30 project to earn a reasonable rate of return if the project operates at a
31 reasonable capacity factor, provided such project received siting
32 council approval on or before September 1, 2009. Contracts entered
33 into before August 1, 2009, shall include a requirement that the owner
34 of the Class I renewable energy source shall be compensated at either
35 the rate for said renewable energy source pursuant to this section or
36 the rate approved under its original contract, whichever is greater. The
37 department shall determine the rates, the capacity factor and other
38 factors prior to the commencement of any contract and the department
39 may adjust such rates, capacity factor and other factors not more than
40 once every five years. The department may establish a five-year review
41 proceeding at its discretion or at the request of the owner of the Class I
42 renewable energy source project. In its approval of such contracts, the
43 department shall give preference to purchase contracts from those
44 projects that would provide a financial benefit to ratepayers or would
45 enhance the reliability of the electric transmission system of the state
46 and the department may approve or disapprove any proposed contract
47 as public interest requires. Such projects shall be located in this state.
48 [The owner of a fuel cell project principally manufactured in this state
49 shall be allocated all available air emissions credits and tax credits

50 attributable to the project and no less than fifty per cent of the energy
51 credits in the Class I renewable energy credits program established in
52 section 16-245a attributable to the project. On and after October 1, 2007,
53 and until September 30, 2008, such contracts shall be comprised of not
54 less than a total, apportioned among each electric distribution
55 company, of one hundred twenty-five megawatts; and on] On and
56 after October 1, [2008] 2010, such contracts shall be comprised of not
57 less than a total, apportioned among each electrical distribution
58 company, of one hundred fifty megawatts, plus not less than an
59 additional forty-five megawatts to address project attrition after
60 contract execution with the intent that not less than a total of one
61 hundred fifty megawatts reach commercial operation pursuant to this
62 section. The cost of such contracts and the administrative costs for the
63 procurement of such contracts directly incurred shall be [eligible for
64 inclusion in the adjustment to the transitional standard offer as
65 provided in this section and any subsequent rates for standard service,
66 provided such contracts are] at the department's discretion from time
67 to time, either included in nonbypassable federally mandated
68 congestion charges or in the rates for standard service and any
69 benefits, including, but not limited to, the value of renewable energy
70 credits received through a contract, shall be distributed in the same
71 manner as the costs. A project owner who has signed a contract on or
72 before April 1, 2009, and whose contractual compensation is not
73 indexed to the cost of natural gas fuel may make a single request to the
74 department to adjust its contract due to issues of financeability,
75 provided such a request is made before September 1, 2009, and may
76 include a request that the existing contract be expanded to include the
77 full output of the project, in megawatts, based on the design that
78 existed at the time of contract approval. The department, upon receipt
79 of such a request, may open a proceeding to consider whether to adopt
80 any adjustments to such a contract, including, but not limited to,
81 converting it to a cost-based contract that may include a fuel cost
82 adjustment clause, based on the project's reasonable and prudent cost
83 of fuel, as the department determines is in the public interest. A
84 proceeding opened by the department pursuant to this subdivision

85 shall be conducted as an uncontested proceeding, but the project
86 developer shall present evidence and testimony of a financial expert to
87 the department, at the project developer's expense, as to the necessity
88 of adjusting the contract. The contracts shall be for a period of time
89 sufficient to provide financing for such projects, but not less than ten
90 years, and are for projects which began or will begin operation on or
91 after July 1, 2003. [Except as provided in this subdivision, the amount
92 from Class I renewable energy sources contracted under such contracts
93 shall be applied to reduce the applicable Class I renewable energy
94 source portfolio standards. For purposes of this subdivision, the
95 department's determination of the comparable wholesale market price
96 for generation shall be based upon a reasonable estimate.] On or before
97 September 1, [2007] 2011, the department, in consultation with the
98 Office of Consumer Counsel and the Renewable Energy Investments
99 [Advisory Council] Board, shall study the operation of such renewable
100 energy contracts and report its findings and recommendations to the
101 joint standing committee of the General Assembly having cognizance
102 of matters relating to energy.

103 Sec. 502. Subsection (e) of section 16-245n of the general statutes is
104 repealed and the following is substituted in lieu thereof (*Effective from*
105 *passage*):

106 (e) The Renewable Energy Investments Board shall include not
107 more than fifteen individuals with knowledge and experience in
108 matters related to the purpose and activities of the Renewable Energy
109 Investment Fund. The board shall consist of the following members:
110 (1) One person with expertise regarding renewable energy resources
111 appointed by the speaker of the House of Representatives; (2) one
112 person representing a state or regional organization primarily
113 concerned with environmental protection appointed by the president
114 pro tempore of the Senate; (3) one person with experience in business
115 or commercial investments appointed by the majority leader of the
116 House of Representatives; (4) one person representing a state or
117 regional organization primarily concerned with environmental
118 protection appointed by the majority leader of the Senate; (5) one

119 person with experience in business or commercial investments
120 appointed by the minority leader of the House of Representatives; (6)
121 the Commissioner of Emergency Management and Homeland Security
122 or the commissioner's designee; (7) one person with expertise
123 regarding renewable energy resources appointed by the Governor; (8)
124 two persons with experience in business or commercial investments
125 appointed by the board of directors of Connecticut Innovations,
126 Incorporated; (9) a representative of a state-wide business association,
127 manufacturing association or chamber of commerce appointed by the
128 minority leader of the Senate; (10) the Consumer Counsel or the
129 Consumer Counsel's designee; (11) the Secretary of the Office of Policy
130 and Management or the secretary's designee; (12) the Commissioner of
131 Environmental Protection or the commissioner's designee; (13) a
132 representative of organized labor appointed by the Governor; and (14)
133 a representative of residential customers or low-income customers
134 appointed by Governor. On a biennial basis, the board shall elect a
135 chairperson and vice-chairperson from among its members and shall
136 adopt such bylaws and procedures it deems necessary to carry out its
137 functions. The board may establish committees and subcommittees as
138 necessary to conduct its business."