



Senate

General Assembly

File No. 483

February Session, 2014

Substitute Senate Bill No. 404

Senate, April 10, 2014

The Committee on Planning and Development reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING RENEWABLE ENERGY CREDITS FOR TRASH-TO-ENERGY FACILITIES AND REQUIRING A REPORT ON ANAEROBIC DIGESTION TECHNOLOGIES.

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

1 Section 1. Section 16-245a of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2014*):

4 (a) An electric supplier and an electric distribution company
5 providing standard service or supplier of last resort service, pursuant
6 to section 16-244c, shall demonstrate:

7 (1) On and after January 1, 2006, that not less than two per cent of
8 the total output or services of any such supplier or distribution
9 company shall be generated from Class I renewable energy sources
10 and an additional three per cent of the total output or services shall be
11 from Class I or Class II renewable energy sources;

12 (2) On and after January 1, 2007, not less than three and one-half per
13 cent of the total output or services of any such supplier or distribution
14 company shall be generated from Class I renewable energy sources
15 and an additional three per cent of the total output or services shall be
16 from Class I or Class II renewable energy sources;

17 (3) On and after January 1, 2008, not less than five per cent of the
18 total output or services of any such supplier or distribution company
19 shall be generated from Class I renewable energy sources and an
20 additional three per cent of the total output or services shall be from
21 Class I or Class II renewable energy sources;

22 (4) On and after January 1, 2009, not less than six per cent of the
23 total output or services of any such supplier or distribution company
24 shall be generated from Class I renewable energy sources and an
25 additional three per cent of the total output or services shall be from
26 Class I or Class II renewable energy sources;

27 (5) On and after January 1, 2010, not less than seven per cent of the
28 total output or services of any such supplier or distribution company
29 shall be generated from Class I renewable energy sources and an
30 additional three per cent of the total output or services shall be from
31 Class I or Class II renewable energy sources;

32 (6) On and after January 1, 2011, not less than eight per cent of the
33 total output or services of any such supplier or distribution company
34 shall be generated from Class I renewable energy sources and an
35 additional three per cent of the total output or services shall be from
36 Class I or Class II renewable energy sources;

37 (7) On and after January 1, 2012, not less than nine per cent of the
38 total output or services of any such supplier or distribution company
39 shall be generated from Class I renewable energy sources and an
40 additional three per cent of the total output or services shall be from
41 Class I or Class II renewable energy sources;

42 (8) On and after January 1, 2013, not less than ten per cent of the

43 total output or services of any such supplier or distribution company
44 shall be generated from Class I renewable energy sources and an
45 additional three per cent of the total output or services shall be from
46 Class I or Class II renewable energy sources;

47 (9) On and after January 1, 2014, not less than eleven per cent of the
48 total output or services of any such supplier or distribution company
49 shall be generated from Class I renewable energy sources and an
50 additional three per cent of the total output or services shall be from
51 Class I or Class II renewable energy sources;

52 (10) On and after January 1, 2015, not less than twelve and one-half
53 per cent of the total output or services of any such supplier or
54 distribution company shall be generated from Class I renewable
55 energy sources and an additional three per cent of the total output or
56 services shall be from [Class I or Class II renewable energy sources]
57 energy derived from a trash-to-energy facility;

58 (11) On and after January 1, 2016, not less than fourteen per cent of
59 the total output or services of any such supplier or distribution
60 company shall be generated from Class I renewable energy sources
61 and an additional three per cent of the total output or services shall be
62 from [Class I or Class II renewable energy sources] energy derived
63 from a trash-to-energy facility;

64 (12) On and after January 1, 2017, not less than fifteen and one-half
65 per cent of the total output or services of any such supplier or
66 distribution company shall be generated from Class I renewable
67 energy sources and an additional three per cent of the total output or
68 services shall be from [Class I or Class II renewable energy sources]
69 energy derived from a trash-to-energy facility;

70 (13) On and after January 1, 2018, not less than seventeen per cent of
71 the total output or services of any such supplier or distribution
72 company shall be generated from Class I renewable energy sources
73 and an additional three per cent of the total output or services shall be
74 from [Class I or Class II renewable energy sources] energy derived

75 from a trash-to-energy facility;

76 (14) On and after January 1, 2019, not less than nineteen and one-
77 half per cent of the total output or services of any such supplier or
78 distribution company shall be generated from Class I renewable
79 energy sources and an additional three per cent of the total output or
80 services shall be from [Class I or Class II renewable energy sources]
81 energy derived from a trash-to-energy facility;

82 (15) On and after January 1, 2020, not less than twenty per cent of
83 the total output or services of any such supplier or distribution
84 company shall be generated from Class I renewable energy sources
85 and an additional three per cent of the total output or services shall be
86 from Class I or Class II renewable energy sources.

87 (b) An electric supplier or electric distribution company may satisfy
88 the requirements of this section (1) by purchasing certificates issued by
89 the New England Power Pool Generation Information System,
90 provided the certificates are for (A) energy produced by a generating
91 unit using Class I or Class II renewable energy sources and the
92 generating unit is located in the jurisdiction of the regional
93 independent system operator, or (B) energy imported into the control
94 area of the regional independent system operator pursuant to New
95 England Power Pool Generation Information System Rule 2.7(c), as in
96 effect on January 1, 2006; (2) for those renewable energy certificates
97 under contract to serve end-use customers in the state on or before
98 October 1, 2006, by participating in a renewable energy trading
99 program within said jurisdictions as approved by the Public Utilities
100 Regulatory Authority; or (3) by purchasing eligible renewable
101 electricity and associated attributes from residential customers who are
102 net producers.

103 (c) Any supplier who provides electric generation services solely
104 from a Class II renewable energy source shall not be required to
105 comply with the provisions of this section.

106 (d) An electric supplier or an electric distribution company shall

107 base its demonstration of generation sources, as required under
108 subsection (a) of this section on historical data, which may consist of
109 data filed with the regional independent system operator.

110 (e) (1) A supplier or an electric distribution company may make up
111 any deficiency within its renewable energy portfolio within the first
112 three months of the succeeding calendar year or as otherwise provided
113 by generation information system operating rules approved by New
114 England Power Pool or its successor to meet the generation source
115 requirements of subsection (a) of this section for the previous year.

116 (2) No such supplier or electric distribution company shall receive
117 credit for the current calendar year for generation from Class I or Class
118 II renewable energy sources pursuant to this section where such
119 supplier or distribution company receives credit for the preceding
120 calendar year pursuant to subdivision (1) of this subsection.

121 (f) The authority shall adopt regulations, in accordance with the
122 provisions of chapter 54, to implement the provisions of this section.

123 (g) (1) Notwithstanding the provisions of this section and section 16-
124 244c, for periods beginning on and after January 1, 2008, each electric
125 distribution company may procure renewable energy certificates from
126 Class I, Class II and Class III renewable energy sources through long-
127 term contracting mechanisms. The electric distribution companies may
128 enter into long-term contracts for not more than fifteen years to
129 procure such renewable energy certificates. The electric distribution
130 companies shall use any renewable energy certificates obtained
131 pursuant to this section to meet their standard service and supplier of
132 last resort renewable portfolio standard requirements.

133 (2) On or before July 1, 2007, the authority shall initiate a contested
134 case proceeding to examine whether long-term contracts should be
135 used to procure Class I, Class II and Class III certificates. In such
136 examination, the authority shall determine (A) the impact of such
137 contracts on price stability, fuel diversity and cost; (B) the method and
138 timing of crediting of the procurement of renewable energy certificates

139 against the renewable portfolio standard purchase obligations of
140 electric suppliers and the electric distribution companies pursuant to
141 subsection (a) of this section; (C) the terms and conditions, including
142 reasonable performance assurance commitments, that may be imposed
143 on entities seeking to supply renewable energy certificates; (D) the
144 level of one-time compensation, not to exceed one mill per kilowatt
145 hour of output and services associated with the renewable energy
146 certificates purchased pursuant to this subsection, which may be
147 payable to the electric distribution companies for administering the
148 procurement provided for under this subsection and recovered as part
149 of the generation services charge or through an appropriate
150 nonbypassable rate component on customers' bills; (E) the manner in
151 which costs for such program may be recovered from electric
152 distribution company customers; and (F) any other issues the authority
153 deems appropriate. Revenues from such compensation shall not be
154 included in calculating the electric distribution companies' earnings to
155 determine if rates are just and reasonable, for earnings sharing
156 mechanisms or for purposes of sections 16-19, 16-19a and 16-19e.

157 (h) On or before January 1, 2014, the Commissioner of Energy and
158 Environmental Protection shall, in developing or modifying an
159 Integrated Resources Plan in accordance with sections 16a-3a and 16a-
160 3e, establish a schedule to commence on January 1, 2015, for assigning
161 a gradually reduced renewable energy credit value to all biomass or
162 landfill methane gas facilities that qualify as a Class I renewable
163 energy source pursuant to section 16-1, provided this subsection shall
164 not apply to anaerobic digestion or other biogas facilities, and further
165 provided any reduced renewable energy credit value established
166 pursuant to this section shall not apply to any biomass or landfill
167 methane gas facility that has entered into a power purchase agreement
168 (1) with an electric supplier or electric distribution company in the
169 state of Connecticut on or before June 5, 2013, or (2) executed in
170 accordance with section 16a-3f or 16a-3h. The Commissioner of Energy
171 and Environmental Protection may review the schedule established
172 pursuant to this subsection in preparation of each subsequent
173 Integrated Resources Plan developed pursuant to section 16a-3a and

174 make any necessary changes thereto to ensure that the rate of
175 reductions in renewable energy credit value for biomass or landfill
176 methane gas facilities is appropriate given the availability of other
177 Class I renewable energy sources.

178 Sec. 2. (*Effective from passage*) The Clean Energy Finance and
179 Investment Authority shall, not later than January 7, 2015, submit a
180 report in accordance with the requirements of section 11-4a of the
181 general statutes to the joint standing committees of the General
182 Assembly having cognizance of matters related to local governments
183 and energy. Such report shall make recommendations for legislation to
184 encourage the use of anaerobic digestion technologies by trash-to-
185 energy facilities located in the state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	16-245a
Sec. 2	<i>from passage</i>	New section

PD *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Various State Agencies	Various - Potential Cost	See Below	See Below

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill requires electric suppliers and electric companies to obtain 3% of their power from trash-to-energy facilities, rather than a broader range of renewable energy sources for a five year period. This will limit the eligible supply of renewable energy sources which may increase rates to ratepayers, including the state and municipalities.

The bill also requires the Clean Energy and Finance Investment Authority to report to the Planning and Development and Energy committee's recommendations for increasing the use of anaerobic digestion technologies in the state's trash-to-energy facilities. These provisions have no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue to December 31, 2019 subject to inflation.

OLR Bill Analysis**sSB 404*****AN ACT CONCERNING RENEWABLE ENERGY CREDITS FOR TRASH-TO-ENERGY FACILITIES AND REQUIRING A REPORT ON ANAEROBIC DIGESTION TECHNOLOGIES.*****SUMMARY:**

This bill temporarily requires electric suppliers and electric companies to obtain 3% of their power from trash-to-energy facilities, rather than a broader range of renewable energy resources, as permitted under current law. This provision applies from January 1, 2015 to December 31, 2019.

The bill also requires the Clean Energy and Finance Investment Authority (CEFIA) to report to the Planning and Development and Energy committees by January 7, 2015 with recommendations for increasing the use of anaerobic digestion technologies in the state's trash-to-energy facilities.

EFFECTIVE DATE: October 1, 2014, except for the provision requiring CEFIA to report to the legislature, which is effective on passage.

TRASH-TO-ENERGY FACILITIES

Under the renewable portfolio standard (RPS), electric suppliers and electric companies must procure some of their power from class I resources such as solar or wind energy. The proportion is currently 11% and will rise in stages to 20% starting in 2020. Under current law, these suppliers and companies must get an additional 3% of their power from class I or class II resources; the latter includes trash-to-energy facilities and certain biomass and hydropower facilities. The bill instead requires the suppliers and companies, from January 1, 2015 to December 31, 2019, to obtain the 3% only from trash-to-energy

facilities.

By law, an electric company must contract with its wholesalers to meet its RPS obligations.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 18 Nay 2 (03/25/2014)