
OLR Bill Analysis

sSB 357

AN ACT CONCERNING REVISIONS TO ENERGY STATUTES.

SUMMARY:

Among other provisions, the bill:

1. expands the scope of the Call Before You Dig program;
2. reduces circumstances under which products are required to certify compliance with state energy efficiency standards to the Department of Energy and Environmental Protection (DEEP);
3. allows certain microgrid investments to be financed under the Commercial Property Assessed Clean Energy (C-PACE) Program;
4. renames Clean Energy Finance and Investment Authority (CEFIA) as the Connecticut Green Bank;
5. requires it to submit a report to the Energy Committee on a residential property assessed clean energy program;
6. requires, rather than allows, DEEP to solicit proposals from providers of Class I renewable energy sources to provide up to 4% of the power distributed by electric companies (in practice, DEEP has already selected providers to meet this requirement);
7. specifically enables the Public Utilities Regulatory Authority (PURA) to order water companies to expand their systems to serve properties served by deficient well systems;
8. allows electric companies to recover costs, investments, and lost revenues incurred as a result of a residential clean energy on-bill repayment program established by CEFIA and the Energy Conservation Management Board;

9. establishes “Bridgeport Thermal Limited Liability Company” as a thermal energy transportation company in Bridgeport; and
10. requires PURA to study allowing nonprofits to aggregate electric meters.

EFFECTIVE DATE: Upon passage, except for energy efficiency standards, which are effective on October 1, 2014, and Call Before You Dig provisions, which are effective October 1, 2015.

§§ 8-17 — CALL BEFORE YOU DIG

This bill expands the scope of, and makes several other changes to, the state’s Call Before You Dig program, which requires utility companies to file the locations of their underground facilities (e.g., pipelines) with a central clearinghouse operated by PURA. People must notify the clearinghouse before commencing certain projects. The clearinghouse notifies the utility, which provides the person, public agency, or other utility with its facilities’ approximate underground location. By law, those who violate provisions of statutes pertaining to Call Before You Dig may be subject to civil penalties.

Covered Utilities and Projects

The bill changes the definition of “public utility” to (1) include owners or operators of underground facilities that furnish communications and fire signal services, and (2) exclude owners of facilities that provide a utility service solely for the owner’s private residence. It also broadens the definition by including services similar to those already specified.

Any person, public agency, or public utility must currently notify the central clearinghouse when they propose to excavate, discharge explosives at or near the location of public utility facilities, or demolish a structure containing a public utility facility. This bill expands that requirement to include all discharge of explosives, regardless of location, and all demolitions. It also expands the definition of “excavating” to include reclamation processes, milling, and dredging (except for dredging associated with the production and harvesting of

aquaculture crops).

Underground Facility Locations

When a utility is providing someone with the approximate location of its underground facilities, current law requires it to identify a strip of land under three feet wide. The bill increases the location's precision by requiring the strip of land to be centered on the underground facility's actual location.

Currently, public utilities must file the location of their underground facilities (except for storm sewers) with PURA by reference to a standard grid system. This bill requires these public utilities to register the geographic areas in which they own or operate any underground facilities with the central clearinghouse by reference to a standard mapping system.

Notice Requirements

The bill also deletes statutory requirements concerning the timeline and methods for notifying the clearinghouse and instead directs PURA to promulgate regulations to govern this process. Current law requires notice to the clearinghouse when a project fails to start within the time allotted. The bill instead requires notice when the project does not end within that time.

Under certain emergency circumstances, current law allows an excavation or demolition to proceed without meeting the notice requirements as long as notice is given by telephone as soon as reasonably possible. The bill allows this notice to be given in any form.

Precautions for Combustible or Hazardous Fluids or Gases

Under current law, only hand digging can be used when gas facilities are likely to be exposed. The bill expands this precaution to cover facilities containing any combustible or hazardous fluids (e.g., oil) or gases, and requires such precautions whenever excavation is in the approximate location of these facilities. In addition to hand digging, it allows "soft digging," which it defines as a nonmechanical and nondestructive process to excavate and evacuate soils at a

controlled rate using high pressure water or an air jet to break up the soil.

Damages

By law, when damage to a public utility's underground facility is suspected, the person or utility responsible for causing the damage must immediately notify the utility that owns the facility.

Current law defines "damage" as including the substantial weakening of structural or lateral support of a utility line. The bill expands that definition to include any utility facility and specifies that the substantial weakening imperils the continued integrity of the facility.

§ 1 — PRODUCT ENERGY EFFICIENCY STANDARDS

The bill reduces the types of products subject to a requirement to certify to DEEP compliance with energy efficiency standards. Current law requires this certification for certain electronic products (e.g., commercial clothes washers, DVD players).

By law, a variety of types of products are subject to energy efficiency standards. Some of these are listed in statutes and the DEEP commissioner may designate other types of products. Current law requires manufacturers of new products that are subject to these standards (e.g., a new model of commercial clothes washer) to certify to DEEP that the product meets the standards. The bill limits the requirement to those products (1) for which DEEP has adopted efficiency standards, and (2) that do not have efficiency standards in California.

The bill also requires DEEP to publish on its website a list of any new products from these categories showing whether the products are certified in California or have met efficiency standards adopted by DEEP.

§§ 3-6 — CEFIA

Microgrids

This bill expands the energy improvements eligible for participation in the C-PACE program to include participation in a microgrid that incorporates clean energy. By law, under this program, CEFIA can enter into an agreement with a commercial property owner in participating municipalities to finance energy efficiency or renewable energy improvements. The cost of the improvements is repaid by an assessment on the property, backed by a lien on the property.

By law, a “microgrid” is a group of interconnected electricity users and generators that (1) is within clearly defined boundaries and acts as a single controllable entity in respect to the larger grid and (2) can operate as either a part of the grid or independent of it. Current law defines “clean energy” to include, among other sources, solar photovoltaic, wind, fuel cells, and certain types of hydropower.

Report

The bill also requires CEFIA, by January 1, 2015, to submit a report on a residential property assessed clean energy program. The report must evaluate (1) the potential consistency between such a program and C-PACE and similar national programs, and (2) the legal framework and need for such a program.

Name Change

Finally, the bill renames CEFIA as the Connecticut Green Bank, and makes conforming changes throughout the statutes. It makes the Connecticut Green Bank a successor agency to CEFIA for purposes of administering the Clean Energy Fund.

§ 7 — CLASS I RENEWABLE ENERGY SOURCES

The bill requires, rather than allows, the DEEP commissioner to solicit proposals from providers of Class I renewable energy sources built on or after January 1, 2013. He must do this in conjunction with the (1) state official who procures power for the standard service that electric companies provide to customers who have not chosen competitive suppliers, (2) Office of Consumer Counsel, and (3) attorney general. He may do this in coordination with other New England states.

If the commissioner finds the proposals are in ratepayers' interest and consistent with (1) the policy goals outlined in the Comprehensive Energy Strategy and (2) state's goals to reduce greenhouse gas emissions, he must select proposals to provide up to 4% of power distributed by the electric companies. He must direct the electric companies to enter into agreements for up to 20 years with the providers. The agreements must be for energy, generating capacity, and environmental attributes (e.g., the renewable energy credits (RECs) used to comply with the renewable portfolio standard (RPS)), or any combination of them. The agreements are subject to PURA review and approval. A review must start when an agreement is filed with PURA. If PURA does not issue a decision within 30 days, the agreement is deemed approved.

The RECs bought under the agreements must be sold in the regional market to be used by suppliers and electric companies to meet their Connecticut RPS requirements.

The net costs of the agreements must be recovered through a fully reconciling component of electric rates for all of the electric companies' customers. These costs may include reasonable costs incurred by electric companies under this provision.

§§ 18 & 19 — WATER SYSTEM EXTENSIONS

The bill expands PURA's jurisdiction with regard to troubled water providers. While PURA's rate regulatory jurisdiction is limited to investor-owned companies, it has jurisdiction over a broader range of "water companies" that (1) do not comply with PURA or Department of Public Health (DPH) orders regarding the availability or potability of water or providing water at adequate volume and pressure or (2) are not economically viable, as determined by PURA. In such circumstances, a "water company" is any private or public entity or person that owns a supply source (e.g., wells) or distribution system that supplies water to at least 25 persons or two service connections (e.g., master-metered apartment buildings). PURA can, after notice and hearing, determine the actions that may be taken and the expenditures that may be required. These can include the acquisition of a troubled

water company by a suitable public or private entity.

The bill expands the definition of water company, for these purposes, to specifically include deficient well systems. These systems serve existing properties within a defined geographic area with at least 25 people served by private wells that (1) fail to meet public health standards for potable water; (2) have had state funding for filters to address documented groundwater contamination discontinued; (3) are otherwise unable to serve the existing properties with adequate water quality, volume, or pressure; or (4) limit on-site resolution of documented wastewater disposal issues in the system.

The bill allows PURA, at the request of an investor-owned water company, to order the company to extend its system to supply water to properties that PURA determines are served by a deficient well system. The company may recover any costs of such an extension as they would for acquisitions (i.e., through a rate surcharge).

It appears that PURA may be limited in its ability to order a water company to extend service by exclusive service areas created by water utility coordinating committees and approved by the Department of Public Health (DPH). It is unclear how these provisions would apply if the extension was in the exclusive service area of another water utility. Current law allows PURA to order acquisition of a water company for various reasons, but they must do so in consultation with (DPH).

§ 2 — BRIDGEPORT THERMAL LIMITED LIABILITY COMPANY

The bill allows members of NuPower Thermal, LLC to form a thermal energy transportation company, under the name Bridgeport Thermal Limited Liability Company, for an unlimited duration in the city of Bridgeport. The bill allows the company, its parent, subsidiary, or affiliate to (1) provide heat or air conditioning from plants located in Bridgeport; (2) install mains, pipes, or other fixtures on public grounds; and (3) lease their plants or distribution systems to other companies authorized to furnish heat or air conditioning. The bill requires company's members to determine capital contribution requirements for members and the number of authorized membership

units.

§ 20 — PURA STUDY

Finally, the bill requires PURA to study the feasibility of allowing a nonprofit entity to aggregate electric meters that are billable to such an entity. The study must include potential costs and benefits to electric ratepayers for allowing such an aggregation. The findings of the study must be reported to the Energy and Technology Committee by January 1, 2015.

BACKGROUND

Related Bill

Senate Bill 240, favorably reported by the Environment Committee, makes changes to the energy efficiency standards for products that are very similar to the changes made in this bill.

Residential PACE Program

Connecticut and 23 other states have passed legislation authorizing municipalities or counties to establish PACE programs. However, the Federal Housing Finance Agency's (FHFA) has several objections to these programs, and has taken action that has precluded mortgages with PACE liens from being sold on the secondary mortgage market. These actions have largely stopped the implementation of PACE programs with regard to residential properties across the country.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 16 Nay 7 (03/18/2014)