
OLR Bill Analysis

sSB 357 (File 285, as amended by Senate "A" and "B")

AN ACT CONCERNING REVISIONS TO ENERGY STATUTES.

SUMMARY:

This bill makes numerous unrelated changes to the energy and environment statutes. Among other things, it:

1. dissolves the Connecticut Resources Recovery Authority (CRRRA) and establishes the Materials Innovation and Recycling Authority (MIRA) as a successor authority, (b) revises the authority's activities, powers, and purposes, (c) requires the Department of Energy and Environmental Protection (DEEP) commissioner, with MIRA, to seek proposals to redevelop the Connecticut Solid Waste Management System Project, and (d) requires the DEEP operated electricity purchasing pool to solicit proposals from Class II trash-to-energy facilities;
2. modifies certain product energy efficiency compliance standards;
3. requires the adoption of new regulations for state building energy efficiency standards based on the U.S. Environmental Protection Agency's (EPA) national energy performance rating system and Energy Star Target Finder tool;
4. dissolves the Connecticut Energy Advisory Board and eliminates the request for proposal process it must conduct when applications for siting certain facilities are filed with the Connecticut Siting Council;
5. allows NuPower Thermal, LLC to form a thermal energy transportation company in Bridgeport;
6. renames the Clean Energy Finance and Investment Authority

- (CEFIA) as the Connecticut Green Bank and expands its commercial property assessed clean energy program (C-PACE) to include microgrids;
7. increases the length of the in-service date extension provided for certain Project 150 projects;
 8. changes the maximum cable TV late charge to 8% of the balance due, instead of 8% of balance due per year (§ 27);
 9. allows electric companies to recover their costs, investments, and lost revenues incurred as a result of on-bill repayment programs established for residential clean energy and heating equipment financing programs (§ 31);
 10. entitles electric companies to recover incurred under certain DEEP-mandated power purchasing agreements;
 11. expands the scope of, and makes several other changes to, the state's Call Before You Dig program;
 12. allows PURA, under certain circumstances and in consultation with the Department of Public Health (DPH), to order a water company to extend its system to supply water to properties served by a deficient well system;
 13. modifies how certain gas company revenues are used to offset the costs of expanding gas company infrastructure;
 14. limits property tax exemptions for solar thermal and geothermal energy systems to the difference between the property's value with the installed system and with only the system's conventional portion;
 15. modifies certain electric supplier consumer protections provided by SB 2, as amended and passed by the Senate;
 16. eliminates (1) a requirement for DEEP to identify solid waste facilities available for municipalities without landfills or certain

disposal contracts and (2) requirements that DEEP submit reports on the state's electronics recycling program to the Environment Committee; and

17. makes numerous minor, technical, and conforming changes.

*Senate Amendment "A" adds the provisions on (1) CRRA, (2) state building energy efficiency standards, (3) CEAB, (4) Project 150, (5) Cable TV late charges, (6) electric company cost recovery, (7) gas company non-firm margin credits, (8) property tax exemptions, (9) electric supplier consumer protections, and (10) eliminates certain administrative requirements for DEEP.

*Senate Amendment "B" bars CMEEC from charging its participants for costs related to its participation in the DEEP power purchasing pool.

EFFECTIVE DATE: Upon passage, unless otherwise noted.

§ 1-17 — CRRA

CRRA Dissolution (§ 1)

The bill dissolves the Connecticut Resources Recovery Authority (CRRA) and establishes the Materials Innovation and Recycling Authority (MIRA) as a successor authority. It transfers CRRA's functions, powers, and duties to MIRA (see BACKGROUND).

Authority Activities, Powers, and Purposes (§ 4-8, 15, 17)

The bill also revises the authority's activities, powers, and purposes by:

1. eliminating its (a) power to condemn real property for public purposes and (b) ability to assist DEEP prepare and revise the solid waste management plan and appoint advisory councils on things such as source-separation and recycling;
2. expanding on its ability to do anything necessary to conduct its comprehensive solid waste disposal and resources recovery program by including reuse and recycling;

3. removing its power to help develop or revise the state's solid waste management plan;
4. reducing the number of votes needed, from two-thirds to a simple majority of the board, to approve the authority's annual operations plan;
5. specifying that its purposes exclude activities on statewide recycling education and promoting or establishing statewide solid waste management or policy;
6. decreasing, from 75 to 45 people, the statutory cap on how many people the authority may employ;
7. requiring a two-thirds vote of the authority's board of directors before spending \$50,000 or more for an outside consultant; and
8. allowing the municipal officials on the authority's board of directors to be municipal employees with extensive public works or waste management and recycling experience.

The bill also limits the authority's current purpose of helping develop industry, technology, and commercial enterprise related to certain solid waste processes in the state. It does so by requiring the development to be (1) on the authority's property, (2) in consultation with the DEEP commissioner, and (3) according to the statewide solid waste management plan.

Solid Waste Management Plan (§ 2)

By law, the state's solid waste management plan provides goals and strategies and establishes a priority order for managing solid waste generated in the state. The bill requires the DEEP commissioner to revise the plan by July 1, 2016 and consult with municipalities when doing so.

Current law requires the plan to include a strategy to recycle at least 25% of the state's solid waste. The bill (1) includes source reduction and reuse in the strategy and (2) increases the percentage to at least

60% of the solid waste generated after January 1, 2024. The bill also requires the new strategy to include (1) modernizing solid waste management infrastructure throughout the state, through the efforts of private, public, and quasi-public entities; (2) promoting organic materials management; and (3) recycling construction and demolition debris. Current law requires the strategy to include recommendations for assigning municipalities to regional recycling programs. The bill instead requires recommendations for developing municipal or regional programs.

The commissioner must submit the revised plan to the Environment Committee by February 1, 2016. The committee can hold a hearing within 30 days of receiving the plan, at which the commissioner, or his designee, must testify and take comments from the committee.

Connecticut Solid Waste System Project Redevelopment (§ 3)

The bill requires the DEEP commissioner, by January 1, 2016, to request proposals from solid waste materials management services providers to redevelop the Connecticut Solid Waste System Project. It must do this in consultation with MIRA. The types of services involved may include such things as recycling, reuse, energy and fuel recovery. They cannot include providing waste collection or transportation services.

Of the submitted proposals, the commissioner may select up to three providers that may then conduct a feasibility study with MIRA's cooperation. The feasibility studies must be finished by January 1, 2017, and final proposals must be submitted to the commissioner by July 1, 2017. The commissioner must (1) allow the public to review and comment on the study and (2) submit a report on the proposals' nature and status the Energy and Environment committees by September 15, 2017. The committees can hold a joint public hearing on the report within 30 days of receiving it, at which the commissioner, or his designee, must testify and take comments from the committee.

By December 31, 2017, the commissioner must choose one final proposal and direct MIRA to enter into an agreement with the selected

provider to redevelop the project. The bill requires the commissioner to consider the following factors when choosing the final proposal:

1. consistency with the waste management goals and strategies provided in the state's solid waste management plan (see below);
2. if the proposal is in the best interest of municipalities contracting with MIRA, including maintaining or reducing current tipping fees for contacted waste;
3. the level of investment proposed by the provider;
4. potential positive impacts on the state's economic development;
5. public comments on the feasibility studies; and
6. other factors consistent with the bill that the commissioner considers relevant to the redevelopment of the Connecticut Solid Waste System Project.

The bill specifies that DEEP's selection of a final proposal, in consultation with MIRA, must not be construed as a legislative mandate as it relates to MIRA's ability to obligate customers to remain under contract.

Nonprofit Recycling Foundation & Council (§ 4)

The bill establishes a non-stock, nonprofit corporation called Recycle CT Foundation, Inc., as a state-chartered foundation organized under Connecticut law. It requires the foundation to:

1. target and promote coordination and support of research and education activities and public information programs to increase the state's reuse and recycling rate, according to the state's solid waste management plan and
2. receive, administer, and disburse gifts, grants, endowments, or other funds to support solid waste management research and education activities.

The bill also creates a nonprofit council, the Recycling CT Foundation Council, and requires it to seek tax-exempt status. The council must solicit and accept funds for Recycling CT Foundation, Inc., which must be used for grants to programs that seek to increase solid waste material reuse and recycling in Connecticut.

The council must (1) set the criteria and procedures for awarding the grants and (2) prescribe the form grant applicants must use. Possible grant recipients apply to the council and may include nonprofits, civic and community groups, schools, public agencies, municipalities and regional entities that represent them, and private-sector organizations.

The council consists of the following 11 members:

1. the DEEP and economic and community development commissioners or their designees;
2. five gubernatorial appointees; and
3. four members, one each appointed by the House speaker, Senate president pro tempore, and the House and Senate minority leaders.

The governor appoints the council chairperson whose term is coterminous with the governor. The other council members serve up to three two-year terms. Council vacancies must be filled by appointing authorities and members receive no compensation for their service.

Electricity Purchasing Pool (§ 9)

Pool Purpose. By law, DEEP operates a purchasing pool to buy electricity for state operations and certain low-income households. The bill expands the pool's purpose to include buying electricity for municipal operations in municipalities that elect to participate in it.

Municipal Grants. The bill authorizes the DEEP commissioner to provide grants to municipalities that join the pool and commit to achieve the state's diversion, recycling, and reuse goals, including

those provided in the state's solid waste management plan.

Electric Supplier Proposals. When operating the pool, the bill allows the commissioner, on behalf of any state agency, municipality, or institution of higher education, to solicit proposals from electric suppliers for electric generation services to (1) buy electricity for state and municipal operations and (2) meet the state's energy policy goals described in the commissioner's comprehensive energy strategy.

The bill requires the commissioner, by January 1, 2020, to solicit proposals from retail electric suppliers for the state and any municipality or higher education institution that participates. The commissioner must conduct at least one solicitation by January 1, 2015. Any proposal responding to a solicitation for less than 370,000 megawatt hours of electricity per year must include at least 60% of its power from Class II renewable energy sources generated at trash-to-energy facilities built before 2013 and holding a solid waste facility permit.

The commissioner must choose the electric service based on such things as the (1) delivered price; (2) the Class II facility's practices to further the state's diversion, reduction, reuse, and recycling goals and the solid waste management plan; and (3) the degree to which a proposal includes a greater (a) percentage of trash-to-energy in the fuel mix, and (b) number of trash-to-energy facilities involved. The commissioner must select proposals that meet these requirements by January 1, 2020. They must provide at least 370,000 megawatt hours of electricity per year for a total of least five consecutive years, with at least 60% of it supplied from Class II renewable energy sources.

The bill caps the (1) term of any selected proposal at five years and (2) price at one-half cent per kilowatt hour above the standard generation service when the solicitation is issued.

If no proposals include at least 60% of its power from Class II renewable energy sources generated at trash-to-energy facilities built before 2013 and holding a solid waste facility permit, the bill allows the commissioner to select proposals with the highest percentage of

electricity from such Class II sources. The same term and price caps apply.

If the purchasing pool exceeds 370,000 megawatt hours per year, the additional power selected by the commissioner does not need to meet the 60% Class II requirement, but must meet all of the other selection criteria above.

Municipal Electric Energy Cooperatives. The bill allows the Connecticut Municipal Electric Energy Cooperative (CMEEC), which supplies power for municipal electric utilities, to contract with the purchasing pool or any energy improvement district to buy and sell power. CMEEC cannot charge any other electric cooperative participant for the costs directly associated with or reasonably allocable to, seeking to provide or providing these generation services. When supplying power to the purchasing pool or an energy improvement district, CMEEC must comply with the state's renewable portfolio standard but is not subject to licensing requirements for electric suppliers.

CRRA Ash Residue Disposal Areas (§§ 10-14, 82)

The bill repeals CRRA's authority to establish up to four ash residue disposal sites in the state. CRRA has not established an ash disposal site in the state, and in 2009 it resolved to indefinitely suspend efforts to develop one.

EFFECTIVE DATE: Upon passage, except for the staffing reduction provision and a technical change, which take effect January 1, 2015.

§ 16 — SOLID WASTE FACILITY PERMITS

The law requires solid waste facilities to obtain modified permits before they substantively change their volume process or operation. The bill exempts the facilities from this requirement if they add less than 75 tons per day of mattresses or items designated by the DEEP commissioner for recycling, except storage batteries and waste oil. The facility cannot exceed its permitted storage capacity its owner or operator must notify the DEEP commissioner of the addition in

writing.

§ 18 — PRODUCT ENERGY EFFICIENCY STANDARDS

Under current law, a variety of products (e.g., commercial clothes washers, DVD players) are subject to state energy efficiency standards and their manufacturers must certify their compliance with DEEP. The bill limits this 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.

EFFECTIVE DATE: October 1, 2014

§ 19 — STATE BUILDING ENERGY EFFICIENCY STANDARDS

New Standards

The bill requires the DEEP commissioner, in consultation with commissioner of the Department of Administrative Services (DAS), to adopt new regulations for state building construction standards, including a standard for including electric vehicle charging stations. The standards under the new regulations must achieve at least 75 points on the U.S. Environmental Protection Agency's (EPA) national energy performance rating system, as determined by EPA's Energy Star Target Finder tool. (EPA's Target Finder tool is an online calculator to help architects, engineers, and property owners assess the energy performance of commercial building designs.) The DEEP commissioner must adopt the regulations by January 1, 2015.

The bill requires the DEEP commissioner, in consultation with the DAS commissioner and the Institute for Sustainable Energy, to exempt any facility from complying with the new regulations if it cannot be defined as an eligible building type by the Energy Star Target Finder tool. Under these circumstances, the bill requires the exempt facility to meet the more stringent requirement of (1) exceeding, by at least 20%,

the energy building construction standards of the 2007 American Society of Heating, Ventilating, and Air Conditioning Engineers Standard 90.1 or (2) adhering to the current State Building Code.

Exemptions from Current Standards

Current law requires the DEEP commissioner, in consultation with the DAS commissioner and the Institute for Sustainable Energy, to exempt a facility from complying with the current regulations for state building construction standards if the cost of compliance significantly outweighs the benefits. The bill establishes a more specific standard for exemption eligibility by limiting exemptions to instances where the measures needed to comply with the regulations are not “cost effective” (i.e., savings from the measures over a 10-year period do not exceed their costs). The bill also adds the Office of Policy and Management (OPM) secretary to the entities with whom the DEEP commissioner must consult before granting an exemption.

EFFECTIVE DATE: October 1, 2014

§§ 20, 22, 26, 28, 30, 36, 48, 49, 52, 55, 63, 82 — CONNECTICUT ENERGY ADVISORY BOARD AND SITING COUNCIL RFP PROCESS

Under current law, the Connecticut Energy Advisory Board (CEAB) is a nine member board which, among other things, must (1) report to the General Assembly on the status of DEEP programs, (2) review requests from the General Assembly, and (3) issue a request for proposals (RFP) for alternative sites when applications for siting certain electric transmission lines, fuel transmission facilities, or large electric generation facilities are filed with the Connecticut Siting Council. The bill abolishes the board, eliminates the RFP process, and makes numerous conforming and technical changes.

Siting Council Deadlines (§ 36)

The bill potentially accelerates the deadline for certain Siting Council decisions on siting facilities which, under current law, trigger CEAB’s RFP process. Under the bill, the Siting Council must issue a decision (1) within 12 months after an application for siting electric

transmission lines or fuel transmission facilities is filed, instead of within 12 months of the application deadline; and (2) within 180 days after an application for siting a large electric generation facility is filed, instead of within 180 of the application deadline. Existing law, unchanged by the bill requires the council to issue a decision for siting cable TV towers and telecommunication towers within 180 after an application is filed, unless it grants an extension.

Energy Improvement Districts (§ 63)

The bill eliminates a requirement that the comprehensive plans prepared by energy improvement district boards be consistent with the state-wide procurement and deployment plan prepared by CEAB. (In practice, the board is not required to prepare such a plan.)

§ 21 — 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.

§§ 23, 24, 29 — CEFIA

C-PACE Microgrids (§ 23)

The 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.

Residential PACE Study (§ 24)

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. (Current state law allows a residential PACE program, however implementation has been effectively blocked by the Federal Housing Finance Agency.)

CEFIA Name Change (§ 29)

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.

§ 25 — PROJECT 150 EXTENSIONS

By law, electric companies must enter into long-term contracts to buy 150 megawatts of power produced at renewable energy plants (Project 150). The bill increases the in-service date extension, from 24 to 36 months, which PURA must grant to requesting Project 150 projects with less than a 5 MW capacity. To receive such an extension, the project must start construction by April 30, 2015, and the related Project 150 power procurement contract must have been previously approved by PURA.

The law also requires PURA to extend a project's in-service deadline for 12 months if the project is located in a distressed municipality with a population of more than 125,000 (i.e., Bridgeport and New Haven, according to the 2010 census).

§§ 31-35 — ELECTRIC COMPANY COST RECOVERY

Current law allows the DEEP commissioner, under certain conditions, to solicit proposals from (1) Class I renewable energy sources built on or after January 1, 2013; (2) Class I resources built before January 1, 2013 or large-scale hydropower; and (3) Class I run-of-the-river hydropower, landfill methane gas, or biomass resources. 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.

The law also requires the commissioner to solicit proposals from operational Class I providers if he finds that a material shortage of Class I resources caused an electric company or electric supplier to fail to meet its obligations to obtain a certain portion of its power from certain renewable resources (i.e., the Renewable Portfolio Standard (RPS)).

By law, if the commissioner finds that any of the above solicited proposals meet certain criteria (which can vary, depending on the type of resource and circumstance) he must direct the electric companies to enter into agreements with the providers to purchase energy, generating capacity, and environmental attributes (e.g., the renewable energy credits used to comply with the RPS), subject to PURA approval. The net costs of the agreements must be recovered through a fully reconciling component of electric rates for all of the electric companies' customers.

Current law allows these recoverable net costs to include reasonable costs incurred by electric companies under these provisions. The bill instead requires these costs to include costs incurred under such an agreements and reasonable costs incurred in connection with the agreement.

§§ 38-47 — CALL BEFORE YOU DIG

The 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 non-mechanical 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.

EFFECTIVE DATE: October 1, 2015

§§ 50, 53 — WATER SYSTEM EXTENSIONS

The bill expands PURA's jurisdiction with regard to troubled water providers. While PURA's rate regulatory jurisdiction is generally 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, in consultation with DPH, and 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).

§ 51 — GAS EXPANSION NON-FIRM MARGIN CREDITS***Ratepayer Credits***

The gas companies provide gas on a nonfirm (interruptible) basis to some of their nonresidential customers and receive a credit for

providing this service. Current law requires PURA to assign at least half of this nonfirm margin credit to offset the rate base of the gas companies, the costs of which are recovered from ratepayers. The bill instead requires this portion of the nonfirm margin credit to be credited to ratepayers through a purchased gas adjustment clause.

Offset of Expansion Costs

The law also requires PURA to assign the lesser of (1) half of this credit or (2) \$15 million annually from the credit for the companies in the aggregate to offset their expansion costs. However these funds can only be applied to offset the costs of expanding to new state, municipal, commercial, or industrial customers when this provides societal benefits (e.g., retained employment or local economic development). The bill instead allows these funds to be used to offset the costs of expanding to any type of customers, including residential, regardless of whether they provide societal benefits.

Hurdle Rate

By law, when a gas company seeks to expand its distribution system, it determines whether the projected new distribution revenues will equal or exceed the cost of the expansion over a 25-year period (i.e., the “hurdle rate”). If the expansion will pay for itself in this period, all gas ratepayers pay for it in rates. If it does not, the benefitted customers must pay for the shortfall. The bill requires PURA, when establishing a hurdle rate, to also consider the nonfirm margin credits the gas company can use to offset its expansion costs.

§ 54 — METER AGGREGATION STUDY

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.

§ 56, 57 — PROPERTY TAX EXEMPTIONS FOR SOLAR THERMAL AND GEOTHERMAL ENERGY SYSTEMS

The bill limits property tax exemptions for solar thermal (e.g., solar heated water) and geothermal energy systems to the difference between the value of the property with the installed system and the value of the property with only the conventional portion of the system. The term “conventional portion” is undefined, but presumably includes pipes and other conduits that would exist on a property in the absence of such an energy improvement. By law, these property tax exemptions have certain restrictions and apply to (1) single-family and two- to four-unit multifamily residential property, (2) farms, and (3) commercial or industrial property.

EFFECTIVE DATE: Upon passage and applicable to assessment years starting on and after October 1, 2014.

§§ 58-62 — ELECTRIC SUPPLIER CONSUMER PROTECTIONS (SB2)

Electric Company Bills (§ 58)

SB 2, as amended and passed by the Senate, requires electric companies to include certain information on the front page of all of their residential customers’ bills. The bill limits this requirement to their residential customers who are receiving electric generation service from an electric supplier.

Electric Company Inserts and Supplier Mailings (§ 59)

SB 2 requires electric companies to send quarterly bill inserts containing certain information to residential customers. The bill requires these inserts to (1) list the standard service rate, instead of the electric generation service rate, and (2) any change to the standard service rate at least 45 days before it becomes effective, instead of within 45 days after is approved by PURA.

Supplier Disclosure of Highest and Lowest Variable Rates (§ 60)

SB 2 requires electric suppliers to monthly post their highest and lowest variable rates charged to any customer in each of the past 12 months. The bill specifies the posted rates must only be those charged to customers with a peak demand under 50 kilowatts, cumulated of all a customer’s meters, during a 12 month period (peak demand for

customers with multiple locations must be aggregated).

EFFECTIVE DATE: July 1, 2014

Contract Summary Forms (§ 61)

The bill requires certain supplier notice requirements to remain in effect until the standard summary form required by SB 2 is developed, rather than until January 1, 2015 (when SB 2 requires the summary form to be developed).

Supplier Notice or Rate Increases of 25% or More (§ 62)

SB 2, as amended and passed by the Senate, requires electric suppliers to notify customers of any rate increases of 25% or more. The bill limits this requirement to contracts entered into after the requirement becomes effective. It also specifies that the first notice requirement applies to rate increases that are at least 25% more than the original contract price, and subsequent notice requirements apply to rate increases that are at least 25% more than the most recent rate change notice.

§ 64 – 82 — Administrative Streamlining at DEEP

The bill eliminates (1) a requirement that the DEEP commissioner identify solid waste facilities available for municipalities without landfills or certain disposal contracts and (2) two requirements that DEEP submit reports on the state's electronics recycling program to the Environment Committee.

It also repeals an obsolete statute that (1) requires the preparation of a temporary state solid waste management plan and solid waste management plans in certain municipalities with closed landfills and (2) allows the DEEP commissioner to issue guidelines to help municipalities develop solid waste management plans.

It also makes technical and conforming changes.

Identifying Solid Waste Facilities

The bill eliminates a requirement that the DEEP commissioner identify solid waste facilities with capacity to accept solid waste from a

municipality without a landfill or certain disposal contracts. Current law requires him to do this when the chief executive officer of a municipality without a landfill or contract for disposal at a waste-to-energy plant or incinerator requests it.

Electronics Recycling Program Reports (§ 68)

Current law requires the DEEP commissioner to, every three years, prepare an electronics recycling plan (1) establishing collection and recycling goals and (2) identifying actions needed to achieve them. He must also prepare an annual report on the electronics recycling program's status.

The bill eliminates the requirement that a copy of the plan and report be submitted to the Environment Committee. It requires the annual report to be posted on the department's website as is currently required for the recycling plan.

Solid Waste Management Plans

Current law requires the DEEP commissioner to prepare a temporary state solid waste management plan that is effective until a subsequent statewide plan is adopted. The statewide solid waste management plan was adopted in 1991 and amended in 2006. The bill repeals the temporary plan requirement and replaces references to the temporary plan with ones to the current statewide plan.

The bill also repeals a requirement that municipalities with landfills to be closed by October 1, 1986 submit solid waste management plans to the DEEP commissioner and regional planning agencies for review and approval.

EFFECTIVE DATE: Upon passage, except for the electronics recycling program provision, which takes effect October 1, 2014 and a conforming change, which takes effect January 1, 2015.

BACKGROUND

Connecticut Resources Recovery Authority (CRRA)

CRRA is a quasi-public agency that plans, designs, builds, and

operates solid waste disposal, volume reduction, recycling, intermediate processing, and resources recovery facilities. Among other things, CRRA's powers include:

1. employing staff and setting staff responsibilities and compensation;
2. entering into contracts or agreements;
3. making and altering bylaws, rules, and regulations;
4. charging reasonable fees for its services;
5. investing funds not needed for immediate use; and
6. adopting regular procedures (CGS § 22a-265a).

Related Bills

SB 27, reported favorably by the Environment Committee, (1) dissolves CRRA and replaces it with MIRA; (2) requires DEEP to seek proposals to redevelop the Connecticut Solid Waste Management System Project; (3) revises the authority's activities, powers, and purposes; and (4) requires the DEEP operated purchasing pool to solicit proposals from Class II trash-to-energy facilities.

SB 240, reported favorably by the Environment Committee eliminates (1) an energy efficiency certification requirement for manufacturers of certain new products already certified in California (2) a requirement that the DEEP commissioner identify solid waste facilities available for municipalities without landfills or certain disposal contracts, and (3) requirements that DEEP submit reports on the state's electronics recycling program to the Environment Committee. It also repeals an obsolete statute that requires a temporary state solid waste management plan.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 16 Nay 7 (03/18/2014)

Environment Committee

Joint Favorable

Yea 26 Nay 0 (04/16/2014)