



General Assembly

January Session, 2015

Raised Bill No. 6989

LCO No. 4870



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:
(ET)

AN ACT CONCERNING DISTRIBUTED ENERGY RESOURCES.

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

1 Section 1. Section 16-19ff of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 (a) Notwithstanding any provisions of the general statutes to the
4 contrary, each electric distribution company shall allow the installation
5 of submeters for the purpose of fairly allocating the costs associated
6 with an individual customer's usage of electricity provided by an
7 electric distribution company to the submetering entity at (1) a
8 recreational campground, (2) individual slips at marinas for metering
9 the electric use by individual boat owners, or (3) [commercial,
10 industrial, multifamily residential or multiuse buildings where the
11 electric power or thermal energy is provided by a Class I renewable
12 energy source, as defined in section 16-1, or a combined heat and
13 power system, as defined in section 16-1, or (4) in] any other location
14 as approved by the authority where submetering promotes the state's
15 energy goals, as described in the Comprehensive Energy Strategy,
16 while protecting consumers against termination of residential utility

17 service or other related issues. Each entity approved to submeter by
18 the Public Utilities Regulatory Authority, pursuant to subsection (c) of
19 this section, shall provide electricity to any allowed facility, as
20 described in this subsection, at a rate no greater than the rate charged
21 to that customer class for the service territory in which such allowed
22 facility is located, provided nothing in this section shall permit such
23 entity to charge a submetered account for (A) usage for any common
24 areas of a commercial, industrial or multifamily residential building, or
25 (B) other usage not solely for use by such account.

26 (b) The Public Utilities Regulatory Authority shall adopt
27 regulations, in accordance with the provisions of chapter 54, to carry
28 out the purposes of subsections (a) to (c), inclusive, of this section.
29 Such regulations shall: (1) Require a submetered customer to pay only
30 his portion of the energy consumed, which cost shall not exceed the
31 amount paid by the owner of the main meter for such energy; (2)
32 establish standards for the safe and proper installation of submeters;
33 (3) require that the ultimate services delivered to a submetered
34 customer are consistent with any service requirements imposed upon
35 the company; (4) establish standards that protect a submetered
36 customer against termination of service or other related issues; and (5)
37 establish standards for the locations of submeters. The authority may
38 adopt any other provisions it deems necessary to carry out the
39 purposes of subsections (a) to (c), inclusive, of this section and section
40 16-19ee.

41 (c) The authority shall develop an application and approval process
42 that allows for the reasonable implementation of submetering
43 provisions at allowed facilities, as described in subsection (a) of this
44 section, while protecting consumers against termination of residential
45 utility service or other related issues.

46 (d) The authority shall allow submetering of electricity provided by
47 an approved entity to commercial, industrial, multifamily residential
48 or multiuse buildings where the electric power is provided by a Class I

49 renewable energy source, as defined in section 16-1, or a combined
50 heat and power system, as defined in section 16-1, generating less than
51 three megawatts. Each entity approved to submeter such behind the
52 meter generation by the authority, pursuant to this subsection, shall
53 provide such electricity in accordance with the rate schedule that
54 would be applicable to the rate class of the approved entities'
55 customers if those customers are served by an electric distribution
56 company in accordance with the net metering provisions of section 16-
57 243h, provided nothing in this subsection shall permit such entity to
58 charge a customer's account for (1) usage for any common areas of a
59 commercial, industrial, multifamily residential or multiuse building, or
60 (2) other usage not solely for use by such account.

61 Sec. 2. Subsection (f) of section 16a-40l of the general statutes is
62 repealed and the following is substituted in lieu thereof (*Effective July*
63 *1, 2015*):

64 [(f) On or before October 1, 2011, the department shall begin
65 accepting applications for financial incentives for combined heat and
66 power systems of not more than one megawatt of power. To qualify
67 for such financial incentives, such combined heat and power system
68 shall reduce energy costs at an amount equal to or greater than the
69 amount of the installation cost of the system within ten years of the
70 installation. The department shall review the current market
71 conditions for such systems, including any existing federal or state
72 financial incentives, and determine the appropriate financial incentives
73 under this program necessary to encourage installation of such
74 systems. Such financial incentives may include providing private
75 financial institutions with loan loss protection or grants to lower
76 borrowing costs. Financial incentives pursuant to this subdivision shall
77 not exceed two hundred dollars per kilowatt. A project accepted for
78 such incentives shall qualify for a waiver of (1) the backup power rate
79 under section 16-243o, and (2) the requirement to provide baseload
80 electricity under section 16-243i. Any purchase of natural gas for any
81 combined heat and power system installed pursuant to this

82 subdivision shall not include a distribution charge pursuant to section
83 16-243l.] (f) The Department of Energy and Environmental Protection
84 shall, on or before January 1, 2016, establish a program to grant awards
85 to end use customers of electric distribution companies to fund the
86 capital costs of combined heat and power systems of not more than
87 twenty megawatts of nameplate capacity. Such program shall be
88 subject to review and approval by the joint standing committee of the
89 General Assembly having cognizance of matters relating to energy and
90 technology. The department shall submit a report, in accordance with
91 the provisions of section 11-4a, regarding such program to the
92 committee. Not later than sixty calendar days after receipt of the
93 department's report, such committee, shall advise the department of
94 their approval or modifications, if any, of the program proposed.

95 (1) Eligible projects shall receive a one-time, nonrecurring award in
96 accordance with the following: (A) An eligible project or combination
97 of eligible projects that in the aggregate account for a total nameplate
98 capacity of thirty megawatts that become operational on or before
99 January 1, 2016, shall receive a payment of four hundred fifty dollars
100 per kilowatt of such system or systems, (B) such eligible projects that
101 become operational after January 1, 2016, and on or before January 1,
102 2017, two hundred fifty dollars per kilowatt of such system, (C) such
103 eligible projects that become operational after January 1, 2017, and on
104 or before January 1, 2018, one hundred fifty dollars per kilowatt of
105 such system, and (D) such eligible projects that become operational
106 after January 1, 2018, one hundred dollars per kilowatt, provided the
107 Commissioner of Energy and Environmental Protection deems such
108 awards to be consistent with the Comprehensive Energy Strategy,
109 issued pursuant to section 16a-3d. The department may provide for a
110 premium to be awarded to combined heat and power systems that
111 serve critical facilities, as defined in section 16-243y, as amended by
112 this act, in a microgrid or that result in avoided costs for the electric
113 distribution company's infrastructure development plan. Payment of
114 the award shall be made at the time each such system becomes

115 operational. The cost of the award shall be recoverable from a
116 nonbypassable component of rates as determined by the Public
117 Utilities Regulatory Authority. Revenues from such awards shall not
118 be included in calculating the electric distribution company's earnings
119 for the purpose of determining whether its rates are just and
120 reasonable under sections 16-19, 16-19a and 16-19e. Each electric
121 distribution company shall be made whole for all of its reasonable
122 costs incurred in implementing the program through a fully
123 reconciling, nonbypassable rate. Awards issued pursuant to this
124 subsection shall not exceed fifteen million dollars annually or sixty
125 million dollars total.

126 (2) An eligible project accepted for an award pursuant to this
127 program shall qualify for a waiver of: (A) The backup power rate
128 pursuant to section 16-243o, and (B) the requirement to reduce
129 federally mandated congestion charges pursuant to section 16-243i.
130 Any purchase of natural gas for any combined heat and power system
131 installed pursuant to this subdivision shall not include a retail delivery
132 charge pursuant to section 16-243l.

133 (3) All renewable energy credits associated with eligible projects
134 that receive a grant pursuant to this section shall be the property of the
135 respective electric distribution company. Each electric distribution
136 company shall sell the renewable energy credits associated with
137 eligible projects to serve the long-term interest of ratepayers.

138 (4) Not later than January 1, 2019, and biannually thereafter, the
139 department shall assess the number and type of retail combined heat
140 and power systems deployed in the state and financed pursuant to the
141 provisions of this subsection. As part of its evaluation, the department
142 shall consider the effect on all customer rates, determine the cost-
143 effectiveness of the program and any other factors deemed relevant by
144 the department in its program review. Not later than January 1, 2020,
145 the department shall submit a report, in accordance with the
146 provisions of section 11-4a, containing recommendations on

147 continuing, modifying or terminating the award program to the joint
148 standing committee of the General Assembly having cognizance of
149 matters relating to energy and technology. The department shall make
150 such report available on the department's Internet web site.

151 Sec. 3. Section 16-245a of the general statutes is amended by adding
152 subsection (i) as follows (*Effective July 1, 2015*):

153 (NEW) (i) Notwithstanding the provisions of this section and the
154 regulations adopted pursuant to subsection (f) of this section, the
155 Public Utilities Regulatory Authority shall issue registration numbers
156 to electric generating facilities that are eligible Class I renewable
157 energy sources and derive electricity from either solar power, wind
158 power or a fuel cell. The owner of any electric generating facility shall
159 register with the authority, subject to section 16-33 of the general
160 statutes, using a self-certification process as prescribed by the
161 authority and shall sign a statement under oath indicating that such
162 owner has complied with the requirements and criteria for the
163 issuance of a Class I renewable energy source registration number.
164 Failure to comply with such requirements and criteria may result in
165 the authority revoking such registration.

166 Sec. 4. Subsection (c) of section 16-243y of the general statutes is
167 repealed and the following is substituted in lieu thereof (*Effective July*
168 *1, 2015*):

169 (c) The department shall award grants or loans under the microgrid
170 grant and loan pilot program to any number of recipients. To the
171 extent possible, the amount of loans and grants awarded under the
172 program shall be evenly distributed between small, medium and large
173 municipalities. Such grants and loans [shall only be used to] may
174 provide assistance to recipients for the cost of a microgrid's design,
175 engineering services and interconnection infrastructure, and may
176 provide matching funds or low interest loans for new generation,
177 energy storage or both for any such microgrid, provided such

178 generation is derived from a Class I or Class II renewable energy
179 source or a gas microturbine with an efficiency factor of 40. The
180 department may establish any financing mechanism to provide or
181 leverage additional funding to support the development of
182 interconnection infrastructure, distributed energy generation and
183 microgrids. [that is not limited to the cost of interconnection
184 infrastructure.]

185 Sec. 5. Subsection (g) of section 16-244u of the general statutes is
186 repealed and the following is substituted in lieu thereof (*Effective July*
187 *1, 2015*):

188 (g) A municipal, state or agricultural customer host shall be allowed
189 to aggregate all electric meters located on the property of one of the
190 virtual net metering facilities that are billable to such customer host.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	16-19ff
Sec. 2	<i>July 1, 2015</i>	16a-40l(f)
Sec. 3	<i>July 1, 2015</i>	16-245a
Sec. 4	<i>July 1, 2015</i>	16-243y(c)
Sec. 5	<i>July 1, 2015</i>	16-244u(g)

Statement of Purpose:

To allow net metering of class I renewable energy sources, create a new combined heat and power incentive program, streamline the application process for solar, wind and fuel cell generating facilities, expand the microgrid program and allow for the aggregation of all electric meters located on the property of virtual net metering facilities.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]