



General Assembly

**Substitute Bill No. 6989**

January Session, 2015



**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 Section 16-19ff of the general statutes is repealed and the  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.] 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, said committee shall advise the department of its  
94 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) For an eligible project or  
97 combination of eligible projects that in the aggregate account for a total  
98 nameplate capacity of thirty megawatts that become operational on or  
99 before January 1, 2016, an award of four hundred fifty dollars per  
100 kilowatt of such system or systems, (B) for such eligible projects that  
101 become operational after January 1, 2016, and on or before January 1,  
102 2017, an award of two hundred fifty dollars per kilowatt of such  
103 system, (C) for such eligible projects that become operational after  
104 January 1, 2017, and on or before January 1, 2018, an award of one  
105 hundred fifty dollars per kilowatt of such system, and (D) for such  
106 eligible projects that become operational after January 1, 2018, an  
107 award of one hundred dollars per kilowatt, provided the  
108 Commissioner of Energy and Environmental Protection deems such  
109 awards to be consistent with the Comprehensive Energy Strategy,  
110 issued pursuant to section 16a-3d. The department may provide for a  
111 premium to be awarded to combined heat and power systems that  
112 serve critical facilities, as defined in section 16-243y, as amended by  
113 this act, in a microgrid or that result in avoided costs for the electric  
114 distribution company's infrastructure development plan. Payment of  
115 the award shall be made at the time each such system becomes  
116 operational. The cost of the award shall be recoverable from a  
117 nonbypassable component of rates as determined by the Public  
118 Utilities Regulatory Authority. Revenues from such awards shall not  
119 be included in calculating the electric distribution company's earnings  
120 for the purpose of determining whether its rates are just and

121 reasonable under sections 16-19, 16-19a and 16-19e. Each electric  
122 distribution company shall be made whole for all of its reasonable  
123 costs incurred in implementing the program through a fully  
124 reconciling, nonbypassable rate. Awards issued pursuant to this  
125 subsection shall not exceed fifteen million dollars annually or sixty  
126 million dollars total.

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

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

139 (4) Not later than January 1, 2019, and biannually thereafter, the  
140 department shall assess the number and type of retail combined heat  
141 and power systems deployed in the state and financed pursuant to the  
142 provisions of this subsection. As part of its evaluation, the department  
143 shall consider the effect on all customer rates, determine the cost-  
144 effectiveness of the program and any other factors deemed relevant by  
145 the department in its program review. Not later than January 1, 2020,  
146 the department shall submit a report, in accordance with the  
147 provisions of section 11-4a, containing recommendations on  
148 continuing, modifying or terminating the award program to the joint  
149 standing committee of the General Assembly having cognizance of  
150 matters relating to energy and technology. The department shall make  
151 such report available on the department's Internet web site.

152 Sec. 3. Section 16-245a of the general statutes is amended by adding

153 subsection (i) as follows (*Effective July 1, 2015*):

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

167 Sec. 4. Subsection (c) of section 16-243y of the general statutes is  
168 repealed and the following is substituted in lieu thereof (*Effective July*  
169 *1, 2015*):

170 (c) The department shall award grants or loans under the microgrid  
171 grant and loan pilot program to any number of recipients. To the  
172 extent possible, the amount of loans and grants awarded under the  
173 program shall be evenly distributed between small, medium and large  
174 municipalities. Such grants and loans [shall only be used to] may  
175 provide assistance to recipients for the cost of a microgrid's design,  
176 engineering services and interconnection infrastructure, and may  
177 provide low interest loans for new generation, energy storage or both  
178 for any such microgrid, provided such generation is derived from a  
179 Class I or Class III renewable energy source or a gas microturbine with  
180 an efficiency factor of 40. The department may establish any financing  
181 mechanism to provide or leverage additional funding to support the  
182 development of interconnection infrastructure, distributed energy  
183 generation and microgrids. [that is not limited to the cost of  
184 interconnection 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 Legislative Commissioners:**

In Section 2(f)(1), the phrase "shall receive a payment" was deleted for internal consistency. In Section 2(f)(1)(A), the phrase "an award" was inserted for internal consistency. In Section 2(f)(1)(B), (C) and (D), the phrase "an award of" was inserted for internal consistency. In Section 2(f)(3), the phrase "a grant" was deleted, the phrase "an award" was inserted, the word "section" was deleted and the word "subsection" was inserted for internal consistency.

**ET**            *Joint Favorable Subst.*