



General Assembly

January Session, 2015

Raised Bill No. 1078

LCO No. 4790



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:
(ET)

AN ACT CONCERNING AFFORDABLE AND RELIABLE ENERGY.

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

1 Section 1. (NEW) (*Effective July 1, 2015*) The Department of Energy
2 and Environmental Protection shall, on or before November 1, 2015,
3 identify those measures that can reduce generation service charges and
4 be implemented, in whole or in part, on or after January 1, 2016. Such
5 measures may include, but shall not be limited to, demand response
6 programs, other distributed resources, and contracts between an
7 electric distribution company, as defined in section 16-1 of the general
8 statutes, and an owner of generation resources for the capacity, electric
9 energy or both of such resources. The department shall order each
10 electric distribution company to implement, in whole or in part, on or
11 before January 1, 2016, such measures as the department considers
12 appropriate. Any such measures shall be subject to review and
13 approval, pursuant to section 16-19 of the general statutes, by the
14 Public Utilities Regulatory Authority. The department shall submit a
15 report, in accordance with the provisions of section 11-4a of the general
16 statutes, regarding such measures to the joint standing committee of

17 the General Assembly having cognizance of matters relating to energy
18 and technology. Not later than sixty calendar days after receipt of the
19 department's report, such committee shall advise the department of
20 their approval or modifications, if any, of the measures proposed. The
21 company's costs associated with complying with the provisions of this
22 section shall be recoverable through federally mandated congestion
23 charges.

24 Sec. 2. Subsection (b) of section 16-243a of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective July*
26 *1, 2015*):

27 (b) Each electric public service company, municipal electric energy
28 cooperative and municipal electric utility shall: (1) Purchase any
29 electrical energy and capacity made available, directly by a private
30 power producer or indirectly under subdivision (4) of this subsection;
31 (2) sell backup electricity to any private power producer in its service
32 territory; (3) make such interconnections in accordance with the
33 regulations adopted pursuant to subsection (h) of this section
34 necessary to accomplish such purchases and sales; (4) upon approval
35 by the Public Utilities Regulatory Authority of an application filed by a
36 willing private power producer, transmit energy or capacity from the
37 private power producer to any other such company, cooperative or
38 utility or to another facility operated by the private power producer;
39 [and] (5) offer to operate in parallel with a private power producer;
40 and (6) offer time of use rates to a private power producer in its
41 interconnection agreement. In making a decision on an application
42 filed under subdivision (4) of this subsection, the authority shall
43 consider whether such transmission would (A) adversely impact the
44 customers of the company, cooperative or utility which would
45 transmit energy or capacity to the private power producer, (B) result in
46 an uncompensated loss for, or unduly burden, such company,
47 cooperative, utility or private power producer, (C) impair the
48 reliability of service of such company, cooperative or utility, or (D)
49 impair the ability of the company, cooperative or utility to provide

50 adequate service to its customers. The authority shall issue a decision
51 on such an application not later than one hundred twenty days after
52 the application is filed, provided, the authority may, before the end of
53 such period and upon notifying all parties and intervenors to the
54 proceeding, extend the period by thirty days. If the authority does not
55 issue a decision within one hundred twenty days after receiving such
56 an application, or within one hundred fifty days if the authority
57 extends the period in accordance with the provisions of this
58 subsection, the application shall be deemed to have been approved.
59 The requirements under subdivisions (3), (4) and (5) of this subsection
60 shall be subject to reasonable standards for operating safety and
61 reliability and the nondiscriminatory assessment of costs against
62 private power producers, approved by the Public Utilities Regulatory
63 Authority with respect to electric public service companies or
64 determined by municipal electric energy cooperatives and municipal
65 electric utilities.

66 Sec. 3. Subsections (a) and (b) of section 16a-3b of the general
67 statutes are repealed and the following is substituted in lieu thereof
68 (*Effective July 1, 2015*):

69 (a) The [Public Utilities Regulatory Authority] Department of
70 Energy and Environmental Protection shall oversee the
71 implementation of the Integrated Resources Plan and the Procurement
72 Plan. The electric distribution companies shall implement the demand-
73 side measures, including, but not limited to, energy efficiency, load
74 management, demand response, combined heat and power facilities,
75 distributed generation and other emerging energy technologies,
76 specified in the Integrated Resources Plan and included in the
77 comprehensive Conservation and Load Management Plan approved
78 by the Energy Conservation Management Board and the
79 Commissioner of Energy and Environmental Protection. The electric
80 distribution companies shall submit proposals to appropriate
81 regulatory agencies to address transmission and distribution upgrades
82 as specified in the Integrated Resources Plan.

83 (b) [When the Integrated Resources Plan contains an option to
84 procure new sources of generation, the authority] The department
85 shall develop and issue a request for proposals [,] as needed to meet
86 the goals established in the Integrated Resources Plan, including, but
87 not limited to, meeting electric energy or capacity needs, meeting the
88 renewable portfolio standards, improving energy system reliability,
89 lowering energy costs and reducing greenhouse gas emissions.
90 Proposals selected by the department shall be subject to approval by
91 the Public Utilities Regulatory Authority. The department shall submit
92 a report, in accordance with the provisions of section 11-4a, regarding
93 such proposals to the joint standing committee of the General
94 Assembly having cognizance of matters relating to energy and
95 technology. Not later than sixty calendar days after receipt of the
96 department's report, such committee shall hold a public hearing
97 regarding such proposals. Not later than thirty calendar days after the
98 public hearing, such committee shall advise the department of their
99 approval or modifications, if any, of the proposals selected. The
100 department shall publish such request for proposals in one or more
101 newspapers or periodicals, as selected by the [authority] department,
102 and shall post such request for proposals on its Internet web site. In
103 considering any generation proposals submitted pursuant to such
104 request, the [authority] department shall give preference to proposals
105 for generation without any financial assistance, including, but not
106 limited to, long-term contract financing or ratepayer guarantees.
107 Pursuant to a nondisclosure agreement, the [authority] department
108 shall make available to the [Commissioner of Energy and
109 Environmental Protection] authority, the Office of Consumer Counsel
110 and the Attorney General all confidential bid information it receives
111 pursuant to this subsection, provided the bids and any analysis of such
112 bids shall not be subject to disclosure under the Freedom of
113 Information Act. Three months after the [authority] department issues
114 a final decision, it shall make available all financial bid information,
115 provided such information regarding the bidders not selected be
116 presented in a manner that conceals the identities of such bidders.

117 (1) On and after July 1, 2008, an electric distribution company may
118 submit proposals in response to a request for proposals on the same
119 basis as other respondents to the solicitation. A proposal submitted by
120 an electric distribution company shall include its full projected costs
121 such that any project costs recovered from or defrayed by ratepayers
122 are included in the projected costs. An electric distribution company
123 submitting any such bid shall demonstrate to the satisfaction of the
124 [authority] department and the joint standing committee of the
125 General Assembly having cognizance of matters relating to energy and
126 technology that its bid is not supported in any form of cross
127 subsidization by affiliated entities. If the [authority] department
128 approves such electric distribution company's proposal, the costs and
129 revenues of such proposal shall not be included in calculating such
130 company's [earning] earnings for purposes of, or in determining
131 whether its rates are just and reasonable under, sections 16-19, 16-19a
132 and 16-19e. An electric distribution company shall not recover more
133 than the full costs identified in any approved proposal. Affiliates of the
134 electric distribution company may submit proposals pursuant to
135 section 16-244h, regulations adopted pursuant to section 16-244h and
136 other requirements the [authority] department may impose.

137 (2) If the [authority] department selects a nonelectric distribution
138 company proposal, an electric distribution company shall, within
139 thirty days of the selection of a proposal by the [authority] department,
140 negotiate in good faith the final terms of a contract with a generating
141 facility and shall apply to the authority for approval of such contract.
142 Upon authority approval, the electric distribution company shall enter
143 into such contract.

144 (3) The authority shall determine the appropriate manner of cost
145 recovery for proposals selected pursuant to this section.

146 (4) The [authority] department may retain the services of a third-
147 party entity with expertise in the area of energy procurement to
148 oversee the development of the request for proposals and to assist the

149 [authority] department in its approval of proposals pursuant to this
150 section. [The reasonable and proper expenses for retaining such third-
151 party entity shall be recoverable through the generation services
152 charge.] All reasonable expenses associated with the department
153 retaining such third-party entity shall be recoverable through the
154 assessment in section 16-49.

155 Sec. 4. (NEW) (*Effective July 1, 2015*) (a) The Commissioner of Energy
156 and Environmental Protection, in consultation with the procurement
157 manager identified in subsection (l) of section 16-2 of the general
158 statutes, the Office of Consumer Counsel, the Attorney General and
159 the joint standing committee of the General Assembly having
160 cognizance of matters relating to energy and technology may, in
161 coordination with other states in the region of the regional
162 independent system operator, as defined in section 16-1 of the general
163 statutes, or on the commissioner's own, solicit proposals for long-term
164 contracts, in one solicitation or multiple solicitations, from providers of
165 (1) natural gas pipeline capacity constructed on or after January 1,
166 2016, (2) liquefied natural gas, (3) Class I renewable energy sources, as
167 defined in section 16-1 of the general statutes, (4) passive and active
168 demand response resources, including, but not limited to, load
169 management and efficiency measures, or (5) distributed generation,
170 including, but not limited to, combined heat and power.

171 (b) The Commissioner of Energy and Environmental Protection
172 shall evaluate the following factors when reviewing proposals
173 pursuant to subsection (a) of this section, including, but not limited to,
174 (1) economic benefits to the state, (2) fuel diversity, (3) whether
175 benefits of the proposal outweigh the costs of the proposal, (4) the
176 delivered price of such sources, (5) whether the proposal is consistent
177 with the requirements to reduce greenhouse gas emissions in
178 accordance with section 22a-200a of the general statutes, and (6)
179 whether the proposal is aligned with the policy goals outlined in the
180 Comprehensive Energy Strategy, pursuant to section 16a-3d of the
181 general statutes, including, but not limited to, environmental impacts.

182 (c) If the commissioner finds proposals pursuant to subsection (a) of
 183 this section to be in the best interests of ratepayers, the commissioner
 184 may select proposals from generating facilities or demand response
 185 resources to meet up to the state's proportional share of the regional
 186 energy load of natural gas capacity.

187 (d) Any agreement reached by the commissioner and a generating
 188 facility owner or demand response resource owner shall be subject to
 189 review and approval by the Public Utilities Regulatory Authority. The
 190 Commissioner of Energy and Environmental Protection may file an
 191 application with the authority for the review and approval of the
 192 agreement. The authority shall issue a decision not later than sixty
 193 days after such filing. If the authority does not issue a decision within
 194 sixty days after receiving said application, or within ninety days if the
 195 Commissioner of Energy and Environmental Protection consents, the
 196 application shall be deemed approved. The net costs of any such
 197 agreement shall be recovered through a fully reconciling component of
 198 electric rates for all customers of electric distribution companies. Such
 199 costs shall include reasonable costs incurred by electric distribution
 200 companies pursuant to this section.

201 Sec. 5. (NEW) (*Effective July 1, 2015*) In any rate application filed
 202 with the Public Utilities Regulatory Authority on or after July 1, 2015,
 203 by any electric distribution company, the electric distribution company
 204 may seek cost recovery for the costs of purchasing new natural gas
 205 capacity either through procuring contracts for new pipeline capacity
 206 or otherwise, as directed by the Commissioner of Energy and
 207 Environmental Protection pursuant to section 4 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	New section
Sec. 2	<i>July 1, 2015</i>	16-243a(b)
Sec. 3	<i>July 1, 2015</i>	16a-3b(a) and (b)
Sec. 4	<i>July 1, 2015</i>	New section

Sec. 5	July 1, 2015	New section
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Statement of Purpose:

To provide Connecticut with regulatory tools to procure affordable and reliable electricity.

[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.]