



General Assembly

Substitute Bill No. 1078

January Session, 2015



AN ACT CONCERNING AFFORDABLE AND RELIABLE ENERGY.

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

1 Section 1. Subsection (b) of section 16a-3b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2015*):

4 (b) [When the Integrated Resources Plan contains an option to
5 procure new sources of generation, the authority] The Department of
6 Energy and Environmental Protection shall develop and issue a
7 request for proposals [.] as needed to meet the goals established in the
8 Integrated Resources Plan, including, but not limited to, meeting
9 electric energy or capacity needs, meeting the renewable portfolio
10 standards, improving energy system reliability, lowering energy costs
11 and reducing greenhouse gas emissions. Proposals selected by the
12 department shall be subject to approval by the Public Utilities
13 Regulatory Authority. The department shall submit a report, in
14 accordance with the provisions of section 11-4a, regarding such
15 proposals to the joint standing committee of the General Assembly
16 having cognizance of matters relating to energy and technology. Not
17 later than sixty calendar days after receipt of the department's report,
18 such committee shall hold a public hearing regarding such proposals.
19 Not later than thirty calendar days after the public hearing, such
20 committee shall advise the department of its approval or

21 modifications, if any, of the proposals selected. The department shall
22 publish such request for proposals in one or more newspapers or
23 periodicals, as selected by the [authority] department, and shall post
24 such request for proposals on its Internet web site. In considering any
25 generation proposals submitted pursuant to such request, the
26 [authority] department shall give preference to proposals for
27 generation without any financial assistance, including, but not limited
28 to, long-term contract financing or ratepayer guarantees. Pursuant to a
29 nondisclosure agreement, the [authority] department shall make
30 available to the [Commissioner of Energy and Environmental
31 Protection] authority, the Office of Consumer Counsel and the
32 Attorney General all confidential bid information it receives pursuant
33 to this subsection, provided the bids and any analysis of such bids
34 shall not be subject to disclosure under the Freedom of Information
35 Act. Three months after the [authority] department issues a final
36 decision, it shall make available all financial bid information, provided
37 such information regarding the bidders not selected be presented in a
38 manner that conceals the identities of such bidders.

39 (1) On and after July 1, 2008, an electric distribution company may
40 submit proposals in response to a request for proposals on the same
41 basis as other respondents to the solicitation. A proposal submitted by
42 an electric distribution company shall include its full projected costs
43 such that any project costs recovered from or defrayed by ratepayers
44 are included in the projected costs. An electric distribution company
45 submitting any such bid shall demonstrate to the satisfaction of the
46 [authority] department that its bid is not supported in any form of
47 cross subsidization by affiliated entities. If the [authority] department
48 approves such electric distribution company's proposal, the costs and
49 revenues of such proposal shall not be included in calculating such
50 company's [earning] earnings for purposes of, or in determining
51 whether its rates are just and reasonable under, sections 16-19, 16-19a
52 and 16-19e. An electric distribution company shall not recover more
53 than the full costs identified in any approved proposal. Affiliates of the
54 electric distribution company may submit proposals pursuant to

55 section 16-244h, regulations adopted pursuant to section 16-244h and
56 other requirements the [authority] department may impose.

57 (2) If the [authority] department selects a nonelectric distribution
58 company proposal, an electric distribution company shall, within
59 thirty days of the selection of a proposal by the [authority] department,
60 negotiate in good faith the final terms of a contract with a generating
61 facility and shall apply to the authority for approval of such contract.
62 Upon authority approval, the electric distribution company shall enter
63 into such contract.

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

66 (4) The [authority] department may retain the services of a third-
67 party entity with expertise in the area of energy procurement to
68 oversee the development of the request for proposals and to assist the
69 [authority] department in its approval of proposals pursuant to this
70 section. [The reasonable and proper expenses for retaining such third-
71 party entity shall be recoverable through the generation services
72 charge.] All reasonable expenses associated with the department
73 retaining such third-party entity shall be recoverable through the
74 assessment in section 16-49.

75 Sec. 2. (NEW) (*Effective July 1, 2015*) (a) The Commissioner of Energy
76 and Environmental Protection, in consultation with the procurement
77 manager identified in subsection (l) of section 16-2 of the general
78 statutes, the Office of Consumer Counsel and the Attorney General
79 may, in coordination with other states in the region of the regional
80 independent system operator, as defined in section 16-1 of the general
81 statutes, or on the commissioner's own, solicit proposals for long-term
82 contracts, in one solicitation or multiple solicitations, from providers of
83 (1) natural gas pipeline capacity constructed on or after January 1,
84 2016, (2) liquefied natural gas, (3) Class I renewable energy sources, as
85 defined in section 16-1 of the general statutes, (4) active demand
86 response resources, including, but not limited to, load management, (5)

87 distributed generation, including, but not limited to, combined heat
88 and power, or (6) verifiable large-scale hydropower, as defined in
89 section 16-1 of the general statutes.

90 (b) The Commissioner of Energy and Environmental Protection
91 shall evaluate the following factors when reviewing proposals
92 pursuant to subsection (a) of this section, including, but not limited to,
93 (1) economic benefits to the state, (2) fuel diversity, (3) whether
94 benefits of the proposal outweigh the costs of the proposal, (4) the
95 delivered price of such sources, (5) whether the proposal is consistent
96 with the requirements to reduce greenhouse gas emissions in
97 accordance with section 22a-200a of the general statutes, (6) whether
98 the proposal is in the best interest of ratepayers, and (7) whether the
99 proposal is aligned with the policy goals outlined in the
100 Comprehensive Energy Strategy, pursuant to section 16a-3d of the
101 general statutes, including, but not limited to, environmental impacts.

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

107 (d) Any agreement entered into pursuant to subsection (c) of this
108 section shall be subject to review and approval by the Public Utilities
109 Regulatory Authority. The Commissioner of Energy and
110 Environmental Protection may file an application with the authority
111 for the review and approval of the agreement. The authority shall issue
112 a decision not later than sixty days after such filing. If the authority
113 does not issue a decision within sixty days after receiving said
114 application, or within ninety days if the Commissioner of Energy and
115 Environmental Protection consents, the application shall be deemed
116 approved. The net costs of any such agreement, including the electric
117 distribution companies' costs incurred under the agreement and
118 reasonable costs incurred in connection with such agreement, shall be
119 recovered through a fully reconciling component of electric rates for all

120 customers of electric distribution companies.

121 Sec. 3. (NEW) (*Effective July 1, 2015*) In any rate application filed
122 with the Public Utilities Regulatory Authority on or after July 1, 2015,
123 by any electric distribution company, the electric distribution company
124 may seek cost recovery for the costs of purchasing new natural gas
125 capacity either through procuring contracts for new pipeline capacity
126 or otherwise, as directed by the Commissioner of Energy and
127 Environmental Protection pursuant to section 2 of this act.

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

Statement of Legislative Commissioners:

Section 1(a) was deleted because it is existing law, and the bill proposes no change to said existing law.

ET *Joint Favorable Subst.*