



**Substitute Senate Bill No. 1078**

**Public Act No. 15-107**

***AN ACT CONCERNING AFFORDABLE AND RELIABLE ENERGY.***

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

Section 1. (NEW) (*Effective from passage*) (a) In order to secure cost-effective resources to provide more reliable electric service for the benefit of the state's electric ratepayers and to meet the state's energy and environmental goals and policies established in the Integrated Resources Plan, pursuant to section 16a-3a of the general statutes, and the Comprehensive Energy Strategy, pursuant to section 16a-3d of the general statutes, the Commissioner of Energy and Environmental Protection, in consultation with the procurement manager identified in subsection (l) of section 16-2 of the general statutes, the Office of Consumer Counsel and the Attorney General, may, in coordination with other states in the control area of the regional independent system operator, as defined in section 16-1 of the general statutes, as amended by this act, or on behalf of Connecticut alone, issue multiple solicitations for long-term contracts from providers of resources described in subsections (b), (c) and (d) of this section.

(b) In any solicitation for resources to reduce electric demand and improve resiliency and grid reliability in the state, issued pursuant to this subsection, the commissioner shall seek proposals for (1) passive demand response measures, including, but not limited to, energy

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efficiency, load management, and the state's conservation and load management programs, pursuant to section 16-245m of the general statutes, that are capable, either singly or through aggregation, of reducing electric demand by one megawatt or more; and (2) Class I renewable energy sources and Class III sources, as defined in section 16-1 of the general statutes, as amended by this act, provided any such project proposal is for a facility that has a nameplate capacity rating of more than two megawatts and less than twenty megawatts. The commissioner may also seek proposals for energy storage systems, as defined in section 16-1, of the general statutes, as amended by this act, that are capable of storing up to twenty megawatts of energy. Proposals pursuant to this subsection shall not have a contract term exceeding twenty years. Each electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, shall, in consultation with the Energy Conservation Management Board established pursuant to section 16-245m of the general statutes, assess whether the submission of a proposal for passive demand response measures is feasible pursuant to any solicitation issued pursuant to subdivision (1) of this subsection, provided such proposal only includes electric demand reductions that are in addition to existing and projected demand reductions obtained through the conservation and load management programs.

(c) In any solicitation issued pursuant to this subsection, the commissioner shall seek proposals from (1) Class I renewable energy sources, as defined in section 16-1 of the general statutes, as amended by this act, having a nameplate capacity rating of twenty megawatts or more, and any associated transmission; and (2) verifiable large-scale hydropower, as defined in section 16-1 of the general statutes, as amended by this act, and any associated transmission. The commissioner may also seek proposals for energy storage systems, as defined in section 16-1, as amended by this act, having a nameplate capacity rating of twenty megawatts or more. Proposals under this

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subsection shall not have a contract term exceeding twenty years. In soliciting Class I renewable energy sources, and any associated transmission, pursuant to this subsection, the commissioner may, for the purpose of balancing such Class I energy deliveries and improving the economic viability of such proposals, also seek proposals for electricity and capacity from Class II renewable energy sources, as defined in section 16-1 of the general statutes, as amended by this act, and existing hydropower resources other than those described under section 16-1 of the general statutes, as amended by this act, provided such resources are interconnected to such associated transmission and are located in the control area of the regional independent system operator or imported into the control area of the regional independent system operator from resources located in an adjacent regional independent system operator's control area.

(d) In any solicitation for natural gas resources issued pursuant to this subsection, the commissioner shall seek proposals for (1) interstate natural gas transportation capacity, (2) liquefied natural gas, (3) liquefied natural gas storage, and (4) natural gas storage, or a combination of any such resources, provided such proposals provide incremental capacity, gas, or storage that has a firm delivery capability to transport natural gas to natural gas-fired generating facilities located in the control area of the regional independent system operator. Proposals under this subsection shall not have a contract term exceeding a period of twenty years.

(e) The Commissioner of Energy and Environmental Protection, in consultation with the procurement manager identified in subsection (l) of section 16-2 of the general statutes, the Office of Consumer Counsel and the Attorney General, shall evaluate project proposals received under any solicitation issued pursuant to subsection (b), (c) or (d) of this section, based on factors including, but not limited to, (1) improvements to the reliability of the electric system, including during

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winter peak demand; (2) whether the benefits of the proposal outweigh the costs to ratepayers, (3) fuel diversity; (4) the extent to which the proposal contributes to meeting the requirements to reduce greenhouse gas emissions and improve air quality in accordance with sections 16-245a, 22a-174, and 22a-200a of the general statutes; (5) whether the proposal is in the best interest of ratepayers; and (6) whether the proposal is aligned with the policy goals outlined in the Integrated Resources Plan, pursuant to section 16a-3a of the general statutes, and the Comprehensive Energy Strategy, pursuant to section 16a-3d of the general statutes, including, but not limited to, environmental impacts. In conducting such evaluation, the commissioner may also consider the extent to which project proposals provide economic benefits for the state. In evaluating project proposals received under any solicitation issued pursuant to subsection (b), (c) or (d) of this section, the commissioner shall compare the costs and benefits of such proposals relative to the expected or actual costs and benefits of other resources eligible to respond to the other procurements authorized pursuant to this section.

(f) The commissioner may hire consultants with expertise in quantitative modeling of electric and gas markets, and physical gas and electric system modeling, as applicable, to assist in implementing this section, including, but not limited to, the evaluation of proposals submitted pursuant to this section. All reasonable costs, not exceeding one million five hundred thousand dollars, associated with the commissioner's solicitation and review of proposals pursuant to this section shall be recoverable through the nonbypassable federally mandated congestion charge, as defined in subsection (a) of section 16-1 of the general statutes, as amended by this act. Such costs shall be recoverable even if the commissioner does not select any proposals pursuant to solicitations issued pursuant to this section.

(g) If the commissioner finds proposals received pursuant to this

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section to be in the best interest of electric ratepayers, in accordance with the provisions of subsection (e) of this section, the commissioner may select any such proposal or proposals, provided the total capacity of the resources selected under all solicitations issued pursuant to this section in the aggregate do not exceed three hundred seventy-five million cubic feet per day of natural gas capacity, or the equivalent megawatts of electricity, electric demand reduction or combination thereof. Any proposals selected pursuant to subsections (b) and (c) of this section shall not, in the aggregate, exceed ten per cent of the load distributed by the state's electric distribution companies. The commissioner may, on behalf of all customers of electric distribution companies, direct the electric distribution companies to enter into long-term contracts for passive demand response measures, electricity, electric capacity, environmental attributes, energy storage, interstate natural gas transportation capacity, liquefied natural gas, liquefied natural gas storage, and natural gas storage, or any combination thereof, from proposals submitted pursuant to this section, provided the benefits of such contracts to customers of electric distribution companies outweigh the costs to such companies' customers.

(h) Any agreement entered into pursuant to this section shall be subject to review and approval by the Public Utilities Regulatory Authority. The electric distribution company shall file an application for the approval of any such agreement with the authority. The authority shall approve such agreement if it is cost effective and in the best interest of electric ratepayers. The authority shall issue a decision not later than ninety days after such filing. If the authority does not issue a decision within ninety days after such filing, the agreement shall be deemed approved. The net costs of any such agreement, including costs incurred by the electric distribution company under the agreement and reasonable costs incurred by the electric distribution company in connection with the agreement, shall be recovered on a timely basis through a fully reconciling component of

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electric rates for all customers of the electric distribution company. Any net revenues from the sale of products purchased in accordance with long-term contracts entered into pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of the contracting electric distribution company. For any contract for interstate natural gas transportation capacity, liquefied natural gas, liquefied natural gas storage or natural gas storage entered into pursuant to this section, the electric distribution company may contract with a gas supply manager to sell such interstate natural gas transportation capacity, liquefied natural gas, liquefied natural gas storage or natural gas storage, or a combination thereof, into the wholesale markets at the best available price in a manner that meets all applicable requirements pursuant to all applicable regulations of the Federal Energy Regulatory Commission.

(i) Certificates issued by the New England Power Pool Generation Information System for any Class I renewable energy source or Class III source procured by an electric distribution company pursuant to this section may be: (1) Sold into the New England Power Pool Generation Information System renewable energy credit market to be used by any electric supplier or electric distribution company to meet the requirements of section 16-245a of the general statutes, so long as the revenues from such sale are credited to electric distribution company customers as described in this subsection; or (2) retained by the electric distribution company to meet the requirements of section 16-245a of the general statutes. In considering whether to sell or retain such certificates the company shall select the option that is in the best interest of such company's ratepayers.

Sec. 2. Subsection (a) of section 16-1 of the general statutes is amended by adding subdivision (48) as follows (*Effective from passage*):

(NEW) (48) "Energy storage system" means any commercially

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available technology that is capable of absorbing energy, storing it for a period of time and thereafter dispatching the energy, and that is capable of either: (A) Using mechanical, chemical or thermal processes to store electricity that is generated at one time for use at a later time; (B) storing thermal energy for direct use for heating or cooling at a later time in a manner that avoids the need to use electricity at a later time; (C) using mechanical, chemical or thermal processes to store electricity generated from renewable energy sources for use at a later time; or (D) using mechanical, chemical or thermal processes to capture or harness waste electricity and to store such electricity generated from mechanical processes for delivery at a later time.

Sec. 3. Subdivision (35) of subsection (a) of section 16-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(35) "Federally mandated congestion charges" means any cost approved by the Federal Energy Regulatory Commission as part of New England Standard Market Design including, but not limited to, locational marginal pricing, locational installed capacity payments, any cost approved by the Public Utilities Regulatory Authority to reduce federally mandated congestion charges in accordance with section 7-233y, this section, sections 16-32f, 16-50i, 16-50k, 16-50x, 16-243i to 16-243q, inclusive, 16-244c, 16-245m, 16-245n and 16-245z, [and] section 21 of public act 05-1 of the June special session, [and] subsection (f) of section 1 of this act and reliability must run contracts;

Approved June 19, 2015