



General Assembly

**Amendment**

January Session, 2015

LCO No. 8254



Offered by:

SEN. DOYLE, 9<sup>th</sup> Dist.  
REP. REED, 102<sup>nd</sup> Dist.  
REP. ACKERT, 8<sup>th</sup> Dist.  
SEN. FORMICA, 20<sup>th</sup> Dist.

To: Subst. Senate Bill No. 1078

File No. 616

Cal. No. 345

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

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) (a) In order to secure cost-  
4 effective resources to provide more reliable electric service for the  
5 benefit of the state's electric ratepayers and to meet the state's energy  
6 and environmental goals and policies established in the Integrated  
7 Resources Plan, pursuant to section 16a-3a of the general statutes, and  
8 the Comprehensive Energy Strategy, pursuant to section 16a-3d of the  
9 general statutes, the Commissioner of Energy and Environmental  
10 Protection, in consultation with the procurement manager identified in  
11 subsection (l) of section 16-2 of the general statutes, the Office of  
12 Consumer Counsel and the Attorney General, may, in coordination

13 with other states in the control area of the regional independent system  
14 operator, as defined in section 16-1 of the general statutes, as amended  
15 by this act, or on behalf of Connecticut alone, issue multiple  
16 solicitations for long-term contracts from providers of resources  
17 described in subsections (b), (c), and (d) of this section.

18 (b) In any solicitation for resources to reduce electric demand and  
19 improve resiliency and grid reliability in the state, issued pursuant to  
20 this subsection, the commissioner shall seek proposals for (1) passive  
21 demand response measures, including, but not limited to, energy  
22 efficiency, load management, and the state's conservation and load  
23 management programs, pursuant to section 16-245m of the general  
24 statutes, that are capable, either singly or through aggregation, of  
25 reducing electric demand by one megawatt or more; and (2) Class I  
26 renewable energy sources and Class III sources, as defined in section  
27 16-1 of the general statutes, as amended by this act, provided any such  
28 project proposal is for a facility that has a nameplate capacity rating of  
29 more than two megawatts and less than twenty megawatts. The  
30 commissioner may also seek proposals for energy storage systems, as  
31 defined in section 16-1, of the general statutes, as amended by this act,  
32 that are capable of storing up to twenty megawatts of energy.  
33 Proposals pursuant to this subsection shall not have a contract term  
34 exceeding twenty years. Each electric distribution company, as defined  
35 in section 16-1 of the general statutes, as amended by this act, shall, in  
36 consultation with the Energy Conservation Management Board  
37 established pursuant to section 16-245m of the general statutes, assess  
38 whether the submission of a proposal for passive demand response  
39 measures is feasible pursuant to any solicitation issued pursuant to  
40 subdivision (1) of this subsection, provided such proposal only  
41 includes electric demand reductions that are in addition to existing  
42 and projected demand reductions obtained through the conservation  
43 and load management programs.

44 (c) In any solicitation issued pursuant to this subsection, the  
45 commissioner shall seek proposals from (1) Class I renewable energy

46 sources, as defined in section 16-1 of the general statutes, as amended  
47 by this act, having a nameplate capacity rating of twenty megawatts or  
48 more, and any associated transmission; and (2) verifiable large-scale  
49 hydropower, as defined in section 16-1 of the general statutes, as  
50 amended by this act, and any associated transmission. The  
51 commissioner may also seek proposals for energy storage systems, as  
52 defined in section 16-1, as amended by this act, having a nameplate  
53 capacity rating of twenty megawatts or more. Proposals under this  
54 subsection shall not have a contract term exceeding twenty years. In  
55 soliciting Class I renewable energy sources, and any associated  
56 transmission, pursuant to this subsection, the commissioner may, for  
57 the purpose of balancing such Class I energy deliveries and improving  
58 the economic viability of such proposals, also seek proposals for  
59 electricity and capacity from Class II renewable energy sources, as  
60 defined in section 16-1 of the general statutes, as amended by this act,  
61 and existing hydropower resources other than those described under  
62 section 16-1 of the general statutes, as amended by this act, provided  
63 such resources are interconnected to such associated transmission and  
64 are located in the control area of the regional independent system  
65 operator or imported into the control area of the regional independent  
66 system operator from resources located in an adjacent regional  
67 independent system operator's control area.

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

78 (e) The Commissioner of Energy and Environmental Protection, in

79 consultation with the procurement manager identified in subsection (1)  
80 of section 16-2 of the general statutes, the Office of Consumer Counsel,  
81 and the Attorney General, shall evaluate project proposals received  
82 under any solicitation issued pursuant to subsection (b), (c) or (d) of  
83 this section, based on factors including, but not limited to, (1)  
84 improvements to the reliability of the electric system, including during  
85 winter peak demand; (2) whether the benefits of the proposal  
86 outweigh the costs to ratepayers, (3) fuel diversity; (4) the extent to  
87 which the proposal contributes to meeting the requirements to reduce  
88 greenhouse gas emissions and improve air quality in accordance with  
89 sections 16-245a, 22a-174, and 22a-200a of the general statutes; (5)  
90 whether the proposal is in the best interest of ratepayers; and (6)  
91 whether the proposal is aligned with the policy goals outlined in the  
92 Integrated Resources Plan, pursuant to section 16a-3a of the general  
93 statutes, and the Comprehensive Energy Strategy, pursuant to section  
94 16a-3d of the general statutes, including, but not limited to,  
95 environmental impacts. In conducting such evaluation, the  
96 commissioner may also consider the extent to which project proposals  
97 provide economic benefits for the state. In evaluating project proposals  
98 received under any solicitation issued pursuant to subsection (b), (c) or  
99 (d) of this section, the commissioner shall compare the costs and  
100 benefits of such proposals relative to the expected or actual costs and  
101 benefits of other resources eligible to respond to the other  
102 procurements authorized pursuant to this section.

103 (f) The commissioner may hire consultants with expertise in  
104 quantitative modeling of electric and gas markets, and physical gas  
105 and electric system modeling, as applicable, to assist in implementing  
106 this section, including, but not limited to, the evaluation of proposals  
107 submitted pursuant to this section. All reasonable costs, not exceeding  
108 one million five hundred thousand dollars, associated with the  
109 commissioner's solicitation and review of proposals pursuant to this  
110 section shall be recoverable through the nonbypassable federally  
111 mandated congestion charge, as defined in subsection (a) of section 16-  
112 1 of the general statutes, as amended by this act. Such costs shall be

113 recoverable even if the commissioner does not select any proposals  
114 pursuant to solicitations issued pursuant to this section.

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

135 (h) Any agreement entered into pursuant to this section shall be  
136 subject to review and approval by the Public Utilities Regulatory  
137 Authority. The electric distribution company shall file an application  
138 for the approval of any such agreement with the authority. The  
139 authority shall approve such agreement if it is cost effective and in the  
140 best interest of electric ratepayers. The authority shall issue a decision  
141 not later than ninety days after such filing. If the authority does not  
142 issue a decision within ninety days after such filing, the agreement  
143 shall be deemed approved. The net costs of any such agreement,  
144 including costs incurred by the electric distribution company under  
145 the agreement and reasonable costs incurred by the electric

146 distribution company in connection with the agreement, shall be  
147 recovered on a timely basis through a fully reconciling component of  
148 electric rates for all customers of the electric distribution company.  
149 Any net revenues from the sale of products purchased in accordance  
150 with long-term contracts entered into pursuant to this section shall be  
151 credited to customers through the same fully reconciling rate  
152 component for all customers of the contracting electric distribution  
153 company. For any contract for interstate natural gas transportation  
154 capacity, liquefied natural gas, liquefied natural gas storage, or natural  
155 gas storage entered into pursuant to this section, the electric  
156 distribution company may contract with a gas supply manager to sell  
157 such interstate natural gas transportation capacity, liquefied natural  
158 gas, liquefied natural gas storage, or natural gas storage or a  
159 combination thereof, into the wholesale markets at the best available  
160 price in a manner that meets all applicable requirements pursuant to  
161 all applicable regulations of the Federal Energy Regulatory  
162 Commission.

163 (i) Certificates issued by the New England Power Pool Generation  
164 Information System for any Class I renewable energy source or Class  
165 III source procured by an electric distribution company pursuant to  
166 this section may be: (1) Sold into the New England Power Pool  
167 Generation Information System renewable energy credit market to be  
168 used by any electric supplier or electric distribution company to meet  
169 the requirements of section 16-245a of the general statutes, so long as  
170 the revenues from such sale are credited to electric distribution  
171 company customers as described in this subsection; or (2) retained by  
172 the electric distribution company to meet the requirements of section  
173 16-245a of the general statutes. In considering whether to sell or retain  
174 such certificates the company shall select the option that is in the best  
175 interest of such company's ratepayers.

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

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

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

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

193 (35) "Federally mandated congestion charges" means any cost  
 194 approved by the Federal Energy Regulatory Commission as part of  
 195 New England Standard Market Design including, but not limited to,  
 196 locational marginal pricing, locational installed capacity payments, any  
 197 cost approved by the Public Utilities Regulatory Authority to reduce  
 198 federally mandated congestion charges in accordance with section 7-  
 199 233y, this section, sections 16-32f, 16-50i, 16-50k, 16-50x, 16-243i to 16-  
 200 243q, inclusive, 16-244c, 16-245m, 16-245n and 16-245z, [and] section 21  
 201 of public act 05-1 of the June special session, [and] subsection (f) of  
 202 section 1 of this act and reliability must run contracts;"

|   |                     |             |
|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                     |             |
| Section 1   | <i>from passage</i> | New section |
| Sec. 2  | <i>from passage</i> | 16-1(a)     |
| Sec. 3  | <i>from passage</i> | 16-1(a)(35) |