

**Proposed Substitute
Bill No. 570**

LCO No. 5710

**AN ACT CONCERNING ELECTRIC FIXED BILL FEES AND GRID
MODERNIZATION.**

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

- 1 Section 1. (NEW) (*Effective July 1, 2015*) (a) As used in this section:
- 2 (1) "Residential fixed charge" means any fixed fee charged to
3 residential electric customers, including, but not limited to, (A) a fixed
4 charge for distribution basic service, (B) a distribution customer service
5 charge, (C) a customer charge, (D) a basic service fee, or (E) other fixed
6 charge, which is separate and distinct from any distribution charge per
7 kilowatt-hour.
- 8 (2) "Electric distribution company" has the same meaning as
9 provided in section 16-1 of the general statutes, as amended by this act.
- 10 (b) The Public Utilities Regulatory Authority shall adjust each
11 electric distribution company's residential fixed charge upon such
12 company's filing with the authority an amendment of rate schedules
13 pursuant to section 16-19 of the general statutes, to not more than ten
14 dollars per monthly billing cycle. Once adjusted, the residential fixed
15 charge shall not exceed ten dollars per billing cycle. The authority shall
16 not adjust a company's residential fixed charge to an amount that
17 exceeds ten dollars per billing cycle in any rate case thereafter.

18 (c) On or after October 1, 2025, the authority shall initiate a docket
19 proceeding to investigate whether to eliminate the residential fixed
20 charge or to adjust the residential fixed charge to an amount exceeding
21 ten dollars per monthly billing cycle. On or before January 1, 2026, the
22 authority shall report, in accordance with section 11-4a of the general
23 statutes, the results of such proceeding to the joint standing committee
24 of the General Assembly having cognizance of matters relating to
25 energy.

26 Sec. 2. Subsection (a) of section 16-1 of the general statutes is
27 amended by adding subdivisions (48) and (49) as follows (*Effective July*
28 *1, 2015*):

29 (NEW) (48) "Distributed energy resource" means any zero-emission
30 customer-side distributed resource, demand response, end user energy
31 efficiency and conservation measure, combined heat and power
32 system, thermal energy generated by a thermal energy transportation
33 company, distributed intelligence, microgrid or energy storage device,
34 including but not limited to, a battery, flywheel or electric vehicle.

35 (NEW) (49) "Energy storage device" means any technology used to
36 store electric energy including, but not limited to, a conventional
37 battery, advanced battery, flywheel, electric vehicle, electrochemical
38 capacitor, superconducting magnetic energy storage, power electronics
39 or control system.

40 Sec. 3. (NEW) (*Effective July 1, 2015*) (a) Not later than August 1,
41 2015, the Commissioner of Energy and Environmental Protection shall
42 conduct a public information meeting and hear public comments
43 regarding methods to: (1) Analyze the costs and benefits that different
44 distributed energy resources, as defined in section 16-1 of the general
45 statutes, as amended by this act, provide to the electric distribution
46 companies and ratepayers; (2) account for such costs and benefits; and
47 (3) implement changes to the regulation of electric distribution
48 companies that conform electric rate and revenue structures to state
49 energy policy.

50 (b) The Commissioner of Energy and Environmental Protection
51 shall submit a report, in accordance with the provisions of section 11-
52 4a of the general statutes, to the joint standing committee of the
53 General Assembly having cognizance of matters relating to energy on
54 the commissioner's findings from such public information meeting.
55 The commissioner may initiate additional proceedings if the
56 commissioner determines that substantial changes are necessary to
57 properly account for the costs and benefits of distributed energy
58 resources.

59 Sec. 4. (NEW) (*Effective July 1, 2015*) (a) Notwithstanding subsection
60 (a) of section 16-244e of the general statutes, each electric distribution
61 company, as defined in section 16-1 of the general statutes, as amended
62 by this act, may, in consultation with the Connecticut Green Bank,
63 submit a proposal to the Department of Energy and Environmental
64 Protection to build, own or operate energy storage devices, as defined
65 in section 16-1 of the general statutes, as amended by this act, for the
66 purpose of demonstrating and investigating how energy storage
67 devices can be reliably and efficiently integrated into the operation of
68 the electric distribution system in a manner that maximizes the value
69 provided to the electric distribution company, its ratepayers and
70 society from such resources.

71 (b) The department shall, in consultation with the Connecticut
72 Green Bank, evaluate such proposals and may approve such
73 proposals, provided the net cost of all department approved proposals,
74 in the aggregate, do not exceed five million dollars.

75 (c) Each electric distribution company may enter into joint
76 ownership agreements, partnerships or other contractual agreements
77 for services with private entities to carry out the provisions of this
78 section.

79 (d) Not later than July 1, 2016, the department shall evaluate such
80 approved proposals pursuant to this section and submit a report, in
81 accordance with the provisions of section 11-4a of the general statutes,

82 to the joint standing committee of the General Assembly having
83 cognizance of matters relating to energy regarding the performance,
84 costs and benefits associated with energy storage devices procured
85 pursuant to this section.

86 Sec. 5. (NEW) (*Effective July 1, 2015*) (a) Not later than October 1,
87 2015, the Commissioner of Energy and Environmental Protection shall
88 initiate an uncontested proceeding or proceedings to (1) determine the
89 net value that distributed energy resources, as defined in section 16-1
90 of the general statutes, as amended by this act, provide to electric
91 distribution companies and ratepayers; and (2) consider whether to
92 establish a methodology to credit the owners of such distributed
93 energy resource.

94 (b) In determining the value of distributed energy resources in a
95 proceeding initiated pursuant to subsection (a) of this section, the
96 commissioner shall consider the costs and benefits associated with the
97 following factors: (1) Energy; (2) capacity; (3) grid support services; (4)
98 financial risk; (5) reliability; (6) resiliency; and (7) environmental
99 attributes.

100 (c) Not less than sixty days prior to convening an uncontested
101 proceeding initiated pursuant to subsection (a) of this section, the
102 commissioner shall convene a meeting with interested stakeholders to
103 determine the scope of distributed energy resources to be evaluated at
104 such proceeding and any other issues the commissioner deems
105 relevant. Prior to convening any uncontested proceeding initiated
106 pursuant to subsection (a) of this section, the commissioner shall
107 conduct not less than one public meeting and one technical meeting
108 where technical personnel shall be made available to respond to
109 questions.

110 (1) Not less than fifteen days prior to convening a public or technical
111 meeting, such commissioner shall publish notice of such meeting. Such
112 notice shall disclose the commissioner's proposed recommendations
113 regarding the net value of such distributed energy resource, time

114 period for public comment and the time, date and location of such
115 meeting.

116 (2) The commissioner shall make proposed recommendations
117 available for public comment for a period of not less than thirty days
118 prior to any proceeding conducted pursuant to subsection (a) of this
119 section. The commissioner shall fully consider all oral and written
120 public comments concerning the proposed valuation methodology for
121 such distributed energy resource before issuing the final valuation
122 methodology. The testimony, public comments and remarks made at
123 such proceeding and at such public and technical meetings shall be
124 transcribed and made available on the department's Internet web site.

125 (d) If at the conclusion of any proceeding conducted pursuant to
126 subsection (a) of this section, the commissioner establishes a valuation
127 methodology for a distributed energy resource, the commissioner may:

128 (1) Direct each electric distribution company to provide a tariff to
129 owners of such distributed energy resource. Not later than the
130 department publishes such final valuation methodology, each electric
131 distribution company shall file such tariff for approval with the Public
132 Utilities Regulatory Authority. Such tariff shall include, but not be
133 limited to, new qualifying facilities for virtual net metering pursuant to
134 section 16-244u of the general statutes, as amended by this act, and net
135 metering pursuant to section 16-243h of the general statutes, as
136 amended by this act; and

137 (2) Update the final valuation methodology as needed and require
138 each electric distribution company to revise such tariff in accordance
139 with such update.

140 Sec. 6. Subsection (b) of section 16-244u of the general statutes is
141 repealed and the following is substituted in lieu thereof (*Effective July*
142 *1, 2015*):

143 (b) Each electric distribution company shall provide virtual net
144 metering to its municipal, state or agricultural customer hosts and

145 shall make any necessary interconnections for a virtual net metering
146 facility or an agricultural virtual net metering facility. Upon request by
147 a municipal, state or agricultural customer host to implement the
148 provisions of this section, an electric distribution company shall install
149 metering equipment, if necessary. For each municipal, state or
150 agricultural customer host, such metering equipment shall (1) measure
151 electricity consumed from the electric distribution company's facilities;
152 (2) deduct the amount of electricity produced but not consumed; and
153 (3) register, for each monthly billing period, the net amount of
154 electricity produced and, if applicable, consumed. If, in a given
155 monthly billing period, a municipal, state or agricultural customer host
156 supplies more electricity to the electric distribution system than the
157 electric distribution company delivers to the municipal, state or
158 agricultural customer host, the electric distribution company shall bill
159 the municipal, state or agricultural customer host for zero kilowatt
160 hours of generation and assign a virtual net metering credit to the
161 municipal, state or agricultural customer host's beneficial accounts for
162 the next monthly billing period. Such credit shall be applied against
163 the generation service component and a declining percentage of the
164 transmission and distribution charges billed to the beneficial accounts.
165 Such credit shall be allocated among such accounts in proportion to
166 their consumption for the previous twelve billing periods for a
167 customer host implementing virtual net metering under this section on
168 or before the Commissioner of Energy and Environmental Protection
169 establishes a final methodology and each electric distribution company
170 implements a tariff pursuant to section 5 of this act. For any new
171 customer host qualifying under this section, such virtual net metering
172 credit shall be established by such commissioner pursuant to section 5
173 of this act.

174 Sec. 7. Section 16-243h of the general statutes is repealed and the
175 following is substituted in lieu thereof (*Effective July 1, 2015*):

176 On and after January 1, 2000, each electric supplier or any electric
177 distribution company providing standard offer, transitional standard
178 offer, standard service or back-up electric generation service, pursuant

179 to section 16-244c, shall give a credit for any electricity generated by a
180 customer from a Class I renewable energy source or a hydropower
181 facility that has a nameplate capacity rating of two megawatts or less.
182 The electric distribution company providing electric distribution
183 services to such a customer shall make such interconnections necessary
184 to accomplish such purpose. An electric distribution company, at the
185 request of any residential customer served by such company and if
186 necessary to implement the provisions of this section, shall provide for
187 the installation of metering equipment that (1) measures electricity
188 consumed by such customer from the facilities of the electric
189 distribution company, (2) deducts from the measurement the amount
190 of electricity produced by the customer and not consumed by the
191 customer, and (3) registers, for each billing period, the net amount of
192 electricity either (A) consumed and produced by the customer, or (B)
193 the net amount of electricity produced by the customer. If, in a given
194 monthly billing period, a customer-generator supplies more electricity
195 to the electric distribution system than the electric distribution
196 company or electric supplier delivers to the customer-generator, the
197 electric distribution company or electric supplier shall credit the
198 customer-generator for the excess by reducing the customer-
199 generator's bill for the next monthly billing period to compensate for
200 the excess electricity from the customer-generator in the previous
201 billing period at a rate of one kilowatt-hour for one kilowatt-hour
202 produced. The electric distribution company or electric supplier shall
203 carry over the credits earned from monthly billing period to monthly
204 billing period, and the credits shall accumulate until the end of the
205 annualized period. At the end of each annualized period, the electric
206 distribution company or electric supplier shall compensate the
207 customer-generator for any excess kilowatt-hours generated, at the
208 avoided cost of wholesale power for a customer implementing net
209 metering under this section on or before the Commissioner of Energy
210 and Environmental Protection establishes a final valuation
211 methodology and each electric distribution company implements a
212 tariff pursuant to section 5 of this act. For any new source or facility
213 qualifying under this section, the electric distribution company or

214 electric supplier shall compensate the customer-generator at a rate
215 established by the commissioner pursuant to section 5 of this act. A
216 customer who generates electricity from a generating unit with a
217 nameplate capacity of more than ten kilowatts of electricity pursuant
218 to the provisions of this section shall be assessed for the competitive
219 transition assessment, pursuant to section 16-245g and the systems
220 benefits charge, pursuant to section 16-245l, based on the amount of
221 electricity consumed by the customer from the facilities of the electric
222 distribution company without netting any electricity produced by the
223 customer. For purposes of this section, "residential customer" means a
224 customer of a single-family dwelling or multifamily dwelling
225 consisting of two to four units.

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>	16-1(a)
Sec. 3	<i>July 1, 2015</i>	New section
Sec. 4	<i>July 1, 2015</i>	New section
Sec. 5	<i>July 1, 2015</i>	New section
Sec. 6	<i>July 1, 2015</i>	16-244u(b)
Sec. 7	<i>July 1, 2015</i>	16-243h