



Substitute Senate Bill No. 272

Public Act No. 16-196

AN ACT CONCERNING THE USE OF MICROGRID GRANTS AND LOANS FOR CERTAIN DISTRIBUTED ENERGY GENERATION PROJECTS AND LONG-TERM CONTRACTS FOR CERTAIN CLASS I GENERATION PROJECTS.

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

Section 1. Subsection (c) of section 16-243y of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(c) The department shall award grants or loans under the microgrid grant and loan pilot program to any number of recipients. To the extent possible, the amount of loans and grants awarded under the program shall be evenly distributed between small, medium and large municipalities. Such grants and loans [shall only be used to provide assistance] may provide: (1) Assistance to recipients for the cost of design, engineering services and interconnection infrastructure for any such microgrid, and (2) matching funds or low interest loans for an energy storage system or systems, as defined in section 16-1, or distributed energy generation projects first placed in service on or after July 1, 2016, provided such generation is derived from a Class I renewable energy source, as defined in section 16-1, or a Class III energy source, as defined in section 16-1, for any such microgrid. The

Substitute Senate Bill No. 272

department may establish any financing mechanism to provide or leverage additional funding to support the development of interconnection infrastructure, distributed energy generation and microgrids. [that is not limited to the cost of interconnection infrastructure.]

Sec. 2. Subsection (c) of section 16-244r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(c) (1) The aggregate procurement of renewable energy credits by electric distribution companies pursuant to this section shall (A) be eight million dollars in the first year, and (B) increase by an additional eight million dollars per year in years two to four, inclusive.

(2) After year four, the authority shall review contracts entered into pursuant to this section and if the cost of the technologies included in such contracts have been reduced, the authority shall seek to enter new contracts for the total of six years.

(A) [If the authority determines such costs have been reduced, the] The aggregate procurement of renewable energy credits by electric distribution companies pursuant to this subdivision shall (i) increase by an additional eight million dollars per year in years five and six, (ii) be forty-eight million dollars in years seven to fifteen, inclusive, and (iii) decline by eight million dollars per year in years sixteen to twenty-one, inclusive, provided any money not allocated in any given year may roll into the next year's available funds.

(B) [If the authority determines such costs have not been reduced, the aggregate procurement of renewable energy credits by electric distribution companies pursuant to this subdivision shall (i) be thirty-two million dollars in years five to thirteen, inclusive, and (ii) decline by eight million dollars per year in years fourteen to nineteen,

Substitute Senate Bill No. 272

inclusive, provided any money not allocated in any given year may roll into the next year's available funds.] For the sixth year solicitation, each electric distribution company shall solicit and file with the Public Utilities Regulatory Authority for its approval one or more long-term contracts with owners or developers of Class I generation projects that: (i) Emit no pollutants and that are less than one thousand kilowatts in size, located on the customer side of the revenue meter and serve the distribution system of the electric distribution company, provided such contracts do not exceed fifty per cent of the dollar amount established for year six under subparagraph (A) of this subdivision; and (ii) are less than two megawatts in size, located on the customer side of the revenue meter, serve the distribution system of the electric distribution company, and use Class I technologies that have no emissions of no more than 0.07 pounds per megawatt-hour of nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide, 0.02 pounds per megawatt-hour of volatile organic compounds, and one grain per one hundred standard cubic feet, provided such contracts do not exceed fifty per cent of the dollar amount established for year six under subparagraph (A) of this subdivision. The authority may give a preference to contracts for technologies manufactured, researched or developed in the state.

(3) The production of a megawatt hour of electricity from a Class I renewable energy source first placed in service on or after July 1, 2011, shall create one renewable energy credit. A renewable energy credit shall have an effective life covering the year in which the credit was created and the following calendar year. The obligation to purchase renewable energy credits shall be apportioned to electric distribution companies based on their respective distribution system loads at the commencement of the procurement period, as determined by the authority. For contracts entered into in calendar year 2012, an electric distribution company shall not be required to enter into a contract that provides a payment of more than three hundred fifty dollars, per

Substitute Senate Bill No. 272

renewable energy credit in any year over the term of the contract. For contracts entered into in calendar years 2013 to 2017, inclusive, at least ninety days before each annual electric distribution company solicitation, the Public Utilities Regulatory Authority may lower the renewable energy credit price cap specified in this subsection by three to seven per cent annually, during each of the six years of the program over the term of the contract. In the course of lowering such price cap applicable to each annual solicitation, the authority shall, after notice and opportunity for public comment, consider such factors as the actual bid results from the most recent electric distribution company solicitation and reasonably foreseeable reductions in the cost of eligible technologies.

Approved June 9, 2016