



General Assembly

Amendment

February Session, 2016

LCO No. 5586



Offered by:

SEN. DOYLE, 9th Dist.
REP. REED, 102nd Dist.
SEN. FORMICA, 20th Dist.
REP. ACKERT, 8th Dist.

To: Senate Bill No. **344**

File No. 475

Cal. No. 315

"AN ACT REQUIRING A STUDY OF THE ADEQUACY OF ENERGY SUPPLIES IN THE STATE."

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, the
8 Comprehensive Energy Strategy, pursuant to section 16a-3d of the
9 general statutes, and section 22a-200a of the general statutes, on or
10 after October 1, 2016, the Commissioner of Energy and Environmental
11 Protection, in consultation with the procurement manager identified in
12 subsection (l) of section 16-2 of the general statutes, the Office of
13 Consumer Counsel and the Attorney General, may, in coordination

14 with other states in the control area of the regional independent system
15 operator, as defined in section 16-1 of the general statutes, or on behalf
16 of Connecticut alone, issue one or more solicitations from providers of
17 the following resources: (1) Class I renewable energy sources, as
18 defined in section 16-1 of the general statutes, constructed on or after
19 the date the commissioner issues the solicitation pursuant to this
20 subsection to which the provider is responding, that emit no pollutants
21 and have a nameplate capacity rating of twenty megawatts or more,
22 and any associated transmission; (2) verifiable large-scale hydropower,
23 as defined in section 16-1 of the general statutes, and any associated
24 transmission; (3) nuclear power generating facilities constructed before
25 the date the commissioner issues the solicitation pursuant to this
26 subsection to which the provider is responding that have been fully
27 relicensed to operate by the federal Nuclear Regulatory Commission
28 by the effective date of this section and through 2029 or later; or (4)
29 trash-to-energy facilities constructed before the date the commissioner
30 issues the solicitation pursuant to this subsection to which the provider
31 is responding that are registered Class II renewable energy sources, as
32 defined in section 16-1 of the general statutes. All such resources shall
33 be delivered into the control area of the regional independent system
34 operator, as defined in section 16-1 of the general statutes.

35 (b) The Commissioner of Energy and Environmental Protection, in
36 consultation with the procurement manager identified in subsection (l)
37 of section 16-2 of the general statutes, the Office of Consumer Counsel
38 and the Attorney General: (1) Shall evaluate project proposals received
39 in response to any solicitation issued pursuant to subsection (a) of this
40 section based on: (A) Whether such proposal is in the best interest of
41 ratepayers; (B) the delivered prices of such sources compared to the
42 forecasted price of energy as determined by the commissioner or his or
43 her designee; (C) impacts on electric system operations and reliability;
44 (D) the extent to which such proposal will contribute to: (i) The local
45 sourcing requirement set by the regional independent system operator,
46 as defined in section 16-1 of the general statutes; and (ii) the goals
47 established in the state-wide solid waste management plan developed

48 pursuant to section 22a-241a of the general statutes; (E) whether the
49 benefits of the proposal outweigh the costs to ratepayers; and (F) fuel
50 diversity; and (2) may evaluate project proposals received in response
51 to any solicitation issued pursuant to subsection (a) of this section
52 based on the forecasted price of capacity or environmental attributes,
53 as determined by the commissioner or his or her designee.

54 (c) The commissioner may hire consultants with expertise in the
55 quantitative modeling of electric markets and physical electric system
56 modeling, as applicable, to assist in implementing this section,
57 including, but not limited to, evaluating proposals submitted pursuant
58 to this section. All reasonable costs, not to exceed one million five
59 hundred thousand dollars, associated with the commissioner's
60 solicitation and review of proposals pursuant to this section shall be
61 recoverable through the nonbypassable federally mandated congestion
62 charge, as defined in subsection (a) of section 16-1 of the general
63 statutes. Such costs shall be recoverable regardless of whether the
64 commissioner selects any proposal pursuant to solicitations issued
65 pursuant to this section. The commissioner may charge a reasonable
66 fee to bidders for submitting a proposal in response to any solicitation
67 issued pursuant to this section in order to reduce any consultant costs
68 recoverable pursuant to this section.

69 (d) If the commissioner finds one or more proposals received
70 pursuant to this section to be in the best interest of ratepayers, in
71 accordance with the provisions of subsection (b) of this section,
72 consistent with the requirements to reduce greenhouse gas emissions
73 in accordance with section 22a-200a of the general statutes, and in
74 accordance with the policy goals outlined in the Comprehensive
75 Energy Strategy, adopted pursuant to section 16a-3d of the general
76 statutes, the commissioner may select one or more proposals,
77 provided: (1) The benefits of each proposal exceeds the costs of such
78 proposal; and (2) the total annual energy output of the proposals
79 selected pursuant to this section, in the aggregate, shall not exceed
80 eight million four hundred thousand megawatt hours of electricity,
81 provided the total annual energy output of the proposals from the

82 resources described in subdivision (4) of subsection (a) of this section
83 selected pursuant to this section shall not exceed either (A) one
84 thousand two hundred sixty megawatt hours of electricity, or (B) the
85 trash-to-energy requirements established in the state-wide solid waste
86 management plan developed pursuant to section 22a-241a of the
87 general statutes as measured in megawatt hours of electricity,
88 whichever is lower.

89 (e) The commissioner may, on behalf of all customers of electric
90 distribution companies, direct the electric distribution companies to
91 enter into agreements for energy, capacity, any environmental
92 attributes and any associated transmission, or any combination
93 thereof, from proposals submitted pursuant to this section as follows:
94 (1) For resources constructed before the date the commissioner issues
95 the solicitation pursuant to subsection (a) of this section to which the
96 provider is responding, for a period of not more than ten years; and (2)
97 for resources constructed on or after the date the commissioner issues
98 the solicitation pursuant to subsection (a) of this section to which the
99 provider is responding, for a period of not more than twenty years.

100 (f) Any agreement described in subsection (e) of this section shall be
101 subject to review and approval by the Public Utilities Regulatory
102 Authority, which review shall commence upon the filing of the signed
103 power purchase agreement with the authority. The authority shall
104 issue a decision on any such agreement not later than ninety days after
105 such filing, except that if the commissioner delegates any authority to
106 the electric distribution companies pursuant to subsection (i) of this
107 section, the authority shall issue a decision on such agreement not later
108 than one hundred twenty days after such filing. In the event the
109 authority does not issue a decision within ninety days or one hundred
110 twenty days, whichever is applicable pursuant to this subsection, after
111 such agreement is filed with the authority, the agreement shall be
112 deemed approved. The net costs of any such agreement, including
113 costs incurred by the electric distribution companies under the
114 agreement and reasonable costs incurred by the electric distribution
115 companies in connection with the agreement, shall be recovered on a

116 timely basis through a fully reconciling component of electric rates for
117 all customers of electric distribution companies. Any net revenues
118 from the sale of products purchased in accordance with any agreement
119 entered into pursuant to this section shall be credited on a timely basis
120 to customers through the same fully reconciling rate component for all
121 customers of the contracting electric distribution company. The electric
122 distribution companies may receive an annual remuneration to
123 compensate such electric distribution companies for accepting any
124 financial obligation of such agreements equal to one per cent of the
125 annual payments under any such agreement, provided such electric
126 distribution companies shall not receive an annual remuneration in
127 excess of five million dollars in the aggregate. Any such remuneration
128 shall be apportioned to electric distribution companies based on their
129 respective distribution system loads as determined by the authority.
130 Any such remuneration shall be approved by the Public Utilities
131 Regulatory Authority at the time the authority issues a decision on
132 such agreement pursuant to this subsection.

133 (g) With regard to the energy procured by an electric distribution
134 company pursuant to subsection (e) of this section, such electric
135 distribution company may: (1) Sell such energy into the relevant
136 market; or (2) retain such energy to meet the standard service
137 requirements of section 16-244c of the general statutes. In determining
138 whether to sell or retain such energy, the company shall select the
139 option that is in the best interest of such company's ratepayers.

140 (h) Any certificates issued by the New England Power Pool
141 Generation Information System for any Class I renewable energy
142 source or Class II renewable energy source procured by an electric
143 distribution company pursuant to subsection (e) of this section may be:
144 (1) Sold into the New England Power Pool Generation Information
145 System renewable energy credit market to be used by any electric
146 supplier or electric distribution company to meet the requirements of
147 section 16-245a of the general statutes, provided any revenues from
148 such sale are credited to electric distribution company customers as
149 described in this subsection; or (2) retained by the electric distribution

150 company to meet the requirements of section 16-245a of the general
151 statutes. In determining whether to sell or retain such certificates, the
152 electric distribution company shall select the option that is in the best
153 interest of such company's ratepayers.

154 (i) The commissioner may, at his or her discretion, delegate his or
155 her authority in subsections (b) to (h), inclusive, of this section to the
156 electric distribution companies, provided any necessary procedures
157 are put in place, in accordance with the provisions of this subsection,
158 to avoid any potential conflicts of interest. The commissioner may not
159 delegate his or her authority in subsection (a) of this section. If the
160 commissioner delegates his or her authority pursuant to this
161 subsection, the commissioner shall provide notice of such delegation at
162 the time the commissioner issues the solicitation pursuant to
163 subsection (a) of this section. Such procedures to avoid any potential
164 conflicts of interest shall include, but not be limited to, the following:
165 (1) Each electric distribution company shall notify the commissioner
166 and provide public notice prior to the end of the solicitation period if
167 such electric distribution company, such electric distribution
168 company's parent company, any subsidiary of such electric
169 distribution company or any entity in which such electric distribution
170 company has a financial interest intends to respond to the solicitation
171 pursuant to this section. The commissioner shall not delegate his or her
172 authority to: (A) Any electric distribution company that responds to
173 the solicitation but did not notify the commissioner pursuant to this
174 subsection; or (B) any electric distribution company that cannot
175 demonstrate that it has complied with the provisions of this
176 subsection, if such demonstration is requested by the commissioner;
177 (2) each electric distribution company that intends to respond to the
178 solicitation pursuant to this section shall: (A) Establish a group of
179 individuals responsible for developing a response to the solicitation
180 issued pursuant to subsection (a) of this section, which shall be known
181 as the bid team; and (B) establish a group of individuals responsible
182 for evaluating and selecting proposals pursuant to subsections (b) to
183 (h), inclusive, of this section, which shall be known as the evaluation

184 team. No individual may be a member of both the bid team and the
185 evaluation team; (3) each electric distribution company that intends to
186 respond to the solicitation pursuant to this section shall establish and
187 maintain a screen or firewall between its bid team and evaluation team
188 with respect to information or communications relating to the
189 solicitation and potential responses pursuant to this section. Each
190 electric distribution company shall ensure that no substantive or
191 material internal or external communications, in any form, occur
192 between any member of its bid team and any member of its evaluation
193 team about such solicitation, the solicitation process, or any potential
194 responses to such solicitation; (4) each electric distribution company
195 that intends to respond to the solicitation pursuant to this section shall
196 ensure that all activity conducted pursuant to subsection (a) of this
197 section is conducted solely by the bid team. Such electric distribution
198 company shall ensure that no member of the bid team consults,
199 advises or communicates directly or indirectly with a member of the
200 evaluation team about the solicitation or any response to the
201 solicitation during the preparation or submission of the response or the
202 evaluation process; (5) each electric distribution company that intends
203 to respond to the solicitation pursuant to this section shall ensure that
204 the evaluation team responsibilities do not involve any
205 communication, advice or consultation with the bid team about the
206 solicitation or any response to the solicitation. Such electric
207 distribution company shall ensure that no member of the evaluation
208 team consults, advises or communicates directly or indirectly with a
209 member of the bid team about the solicitation or any response to the
210 solicitation during the preparation or submission of such response or
211 the evaluation process; (6) each electric distribution company that
212 intends to respond to the solicitation pursuant to this section shall
213 ensure that the evaluation team does not open or review any
214 submitted responses until after the deadline for submitting responses
215 to the solicitation pursuant to this section; and (7) each electric
216 distribution company to whom the commissioner delegates authority
217 pursuant to this section shall direct all questions regarding submitted
218 responses to the commissioner and shall not contact any individual or

219 entity that responded to the solicitation pursuant to this section. Only
220 the commissioner may contact any individual or entity that responds
221 to such a solicitation."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section