General Assembly

February Session, 2016

LCO No. 5586

Offered by:
SENIOR DOYLE, 9th Dist.
REPRESENTATIVE REED, 102nd Dist.
SENIOR FORMICA, 20th Dist.
REPRESENTATIVE 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."

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

"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, the Comprehensive Energy Strategy, pursuant to section 16a-3d of the general statutes, and section 22a-200a of the general statutes, on or after October 1, 2016, 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, or on behalf
of Connecticut alone, issue one or more solicitations from providers of
the following resources: (1) Class I renewable energy sources, as
defined in section 16-1 of the general statutes, constructed on or after
the date the commissioner issues the solicitation pursuant to this
subsection to which the provider is responding, that emit no pollutants
and have a nameplate capacity rating of twenty megawatts or more,
and any associated transmission; (2) verifiable large-scale hydropower,
as defined in section 16-1 of the general statutes, and any associated
transmission; (3) nuclear power generating facilities constructed before
the date the commissioner issues the solicitation pursuant to this
subsection to which the provider is responding that have been fully
relicensed to operate by the federal Nuclear Regulatory Commission
by the effective date of this section and through 2029 or later; or (4)
trash-to-energy facilities constructed before the date the commissioner
issues the solicitation pursuant to this subsection to which the provider
is responding that are registered Class II renewable energy sources, as
defined in section 16-1 of the general statutes. All such resources shall
be delivered into the control area of the regional independent system
operator, as defined in section 16-1 of the general statutes.

(b) 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: (1) Shall evaluate project proposals received
in response to any solicitation issued pursuant to subsection (a) of this
section based on: (A) Whether such proposal is in the best interest of
ratepayers; (B) the delivered prices of such sources compared to the
forecasted price of energy as determined by the commissioner or his or
her designee; (C) impacts on electric system operations and reliability;
(D) the extent to which such proposal will contribute to: (i) The local
sourcing requirement set by the regional independent system operator,
as defined in section 16-1 of the general statutes; and (ii) the goals
established in the state-wide solid waste management plan developed
pursuant to section 22a-241a of the general statutes; (E) whether the
benefits of the proposal outweigh the costs to ratepayers; and (F) fuel
diversity; and (2) may evaluate project proposals received in response
to any solicitation issued pursuant to subsection (a) of this section
based on the forecasted price of capacity or environmental attributes,
as determined by the commissioner or his or her designee.

(c) The commissioner may hire consultants with expertise in the
quantitative modeling of electric markets and physical electric system
modeling, as applicable, to assist in implementing this section,
including, but not limited to, evaluating proposals submitted pursuant
to this section. All reasonable costs, not to exceed 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. Such costs shall be recoverable regardless of whether the
commissioner selects any proposal pursuant to solicitations issued
pursuant to this section. The commissioner may charge a reasonable
fee to bidders for submitting a proposal in response to any solicitation
issued pursuant to this section in order to reduce any consultant costs
recoverable pursuant to this section.

(d) If the commissioner finds one or more proposals received
pursuant to this section to be in the best interest of ratepayers, in
accordance with the provisions of subsection (b) of this section,
consistent with the requirements to reduce greenhouse gas emissions
in accordance with section 22a-200a of the general statutes, and in
accordance with the policy goals outlined in the Comprehensive
Energy Strategy, adopted pursuant to section 16a-3d of the general
statutes, the commissioner may select one or more proposals,
provided: (1) The benefits of each proposal exceeds the costs of such
proposal; and (2) the total annual energy output of the proposals
selected pursuant to this section, in the aggregate, shall not exceed
eight million four hundred thousand megawatt hours of electricity,
provided the total annual energy output of the proposals from the
resources described in subdivision (4) of subsection (a) of this section selected pursuant to this section shall not exceed either (A) one thousand two hundred sixty megawatt hours of electricity, or (B) the trash-to-energy requirements established in the state-wide solid waste management plan developed pursuant to section 22a-241a of the general statutes as measured in megawatt hours of electricity, whichever is lower.

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

(f) Any agreement described in subsection (e) of this section shall be subject to review and approval by the Public Utilities Regulatory Authority, which review shall commence upon the filing of the signed power purchase agreement with the authority. The authority shall issue a decision on any such agreement not later than ninety days after such filing, except that if the commissioner delegates any authority to the electric distribution companies pursuant to subsection (i) of this section, the authority shall issue a decision on such agreement not later than one hundred twenty days after such filing. In the event the authority does not issue a decision within ninety days or one hundred twenty days, whichever is applicable pursuant to this subsection, after such agreement is filed with the authority, the agreement shall be deemed approved. The net costs of any such agreement, including costs incurred by the electric distribution companies under the agreement and reasonable costs incurred by the electric distribution companies in connection with the agreement, shall be recovered on a
timely basis through a fully reconciling component of electric rates for all customers of electric distribution companies. Any net revenues from the sale of products purchased in accordance with any agreement entered into pursuant to this section shall be credited on a timely basis to customers through the same fully reconciling rate component for all customers of the contracting electric distribution company. The electric distribution companies may receive an annual remuneration to compensate such electric distribution companies for accepting any financial obligation of such agreements equal to one per cent of the annual payments under any such agreement, provided such electric distribution companies shall not receive an annual remuneration in excess of five million dollars in the aggregate. Any such remuneration shall be apportioned to electric distribution companies based on their respective distribution system loads as determined by the authority. Any such remuneration shall be approved by the Public Utilities Regulatory Authority at the time the authority issues a decision on such agreement pursuant to this subsection.

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

(h) Any certificates issued by the New England Power Pool Generation Information System for any Class I renewable energy source or Class II renewable energy source procured by an electric distribution company pursuant to subsection (e) of 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, provided any revenues from such sale are credited to electric distribution company customers as described in this subsection; or (2) retained by the electric distribution company.
company to meet the requirements of section 16-245a of the general statutes. In determining whether to sell or retain such certificates, the electric distribution company shall select the option that is in the best interest of such company's ratepayers.

(i) The commissioner may, at his or her discretion, delegate his or her authority in subsections (b) to (h), inclusive, of this section to the electric distribution companies, provided any necessary procedures are put in place, in accordance with the provisions of this subsection, to avoid any potential conflicts of interest. The commissioner may not delegate his or her authority in subsection (a) of this section. If the commissioner delegates his or her authority pursuant to this subsection, the commissioner shall provide notice of such delegation at the time the commissioner issues the solicitation pursuant to subsection (a) of this section. Such procedures to avoid any potential conflicts of interest shall include, but not be limited to, the following:

(1) Each electric distribution company shall notify the commissioner and provide public notice prior to the end of the solicitation period if such electric distribution company, such electric distribution company's parent company, any subsidiary of such electric distribution company or any entity in which such electric distribution company has a financial interest intends to respond to the solicitation pursuant to this section. The commissioner shall not delegate his or her authority to: (A) Any electric distribution company that responds to the solicitation but did not notify the commissioner pursuant to this subsection; or (B) any electric distribution company that cannot demonstrate that it has complied with the provisions of this subsection, if such demonstration is requested by the commissioner;

(2) each electric distribution company that intends to respond to the solicitation pursuant to this section shall: (A) Establish a group of individuals responsible for developing a response to the solicitation issued pursuant to subsection (a) of this section, which shall be known as the bid team; and (B) establish a group of individuals responsible for evaluating and selecting proposals pursuant to subsections (b) to (h), inclusive, of this section, which shall be known as the evaluation
team. No individual may be a member of both the bid team and the
evaluation team; (3) each electric distribution company that intends to
respond to the solicitation pursuant to this section shall establish and
maintain a screen or firewall between its bid team and evaluation team
with respect to information or communications relating to the
solicitation and potential responses pursuant to this section. Each
electric distribution company shall ensure that no substantive or
material internal or external communications, in any form, occur
between any member of its bid team and any member of its evaluation
team about such solicitation, the solicitation process, or any potential
responses to such solicitation; (4) each electric distribution company
that intends to respond to the solicitation pursuant to this section shall
ensure that all activity conducted pursuant to subsection (a) of this
section is conducted solely by the bid team. Such electric distribution
company shall ensure that no member of the bid team consults,
advises or communicates directly or indirectly with a member of the
evaluation team about the solicitation or any response to the
solicitation during the preparation or submission of the response or the
evaluation process; (5) each electric distribution company that intends
to respond to the solicitation pursuant to this section shall ensure that
the evaluation team responsibilities do not involve any
communication, advice or consultation with the bid team about the
solicitation or any response to the solicitation. Such electric
distribution company shall ensure that no member of the evaluation
team consults, advises or communicates directly or indirectly with a
member of the bid team about the solicitation or any response to the
solicitation during the preparation or submission of such response or
the evaluation process; (6) each electric distribution company that
intends to respond to the solicitation pursuant to this section shall
ensure that the evaluation team does not open or review any
submitted responses until after the deadline for submitting responses
to the solicitation pursuant to this section; and (7) each electric
distribution company to whom the commissioner delegates authority
pursuant to this section shall direct all questions regarding submitted
responses to the commissioner and shall not contact any individual or
entity that responded to the solicitation pursuant to this section. Only the commissioner may contact any individual or entity that responds to such a solicitation."

This act shall take effect as follows and shall amend the following sections:

<table>
<thead>
<tr>
<th>Section 1</th>
<th>from passage</th>
<th>New section</th>
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