AN ACT PROMOTING THE USE OF FUEL CELLS FOR ELECTRIC DISTRIBUTION SYSTEM BENEFITS AND RELIABILITY.

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

Section 1. (NEW) (Effective July 1, 2017) An electric distribution company may submit to the Public Utilities Regulatory Authority for approval one or more plans to acquire new fuel cell electricity generation that began operation on or after July 1, 2017. Any such plan shall utilize a competitive process for the purpose of providing distribution system benefits, including, but not limited to, avoiding or deferring distribution capacity upgrades, and enhancing distribution system reliability, including, but not limited to, voltage or frequency improvements. Any such plan shall give preference to proposals that make efficient use of existing sites and supply infrastructure. In the event that the authority approves such plan, an electric distribution company may submit to the authority (1) one or more proposals to build, own and operate new fuel cell generation, (2) proposed power purchase agreements negotiated with persons to build, own and
operate new fuel cell generation, or (3) proposals to provide financial
incentives for the installation of combined heat and power systems
powered by fuel cells, provided any such incentives shall be consistent
with the Comprehensive Energy Strategy pursuant to section 16a-3d of
the general statutes. The facilities acquired, built pursuant to said
power purchase agreements and that receive said financial incentives
under this section shall not exceed a total nameplate capacity rating of
ten megawatts in the aggregate. Any proposal submitted by an electric
distribution company to build, own and operate a fuel cell shall
include the electric distribution company's full projected costs and
shall demonstrate to the authority that such facility is not supported in
any form of cross subsidization by affiliated entities. The authority
shall evaluate any proposal submitted pursuant to this section in a
manner that is consistent with the principles of sections 16-19 and 16-
19e of the general statutes and may approve one or more proposals if it
finds that such proposal (A) was developed in a manner that is
consistent with the acquisition plan approved by the authority, (B)
serves the long-term interests of ratepayers, and (C) cost-effectively
avoids or defers distribution system costs. The costs incurred by an
electric distribution company under this section shall be recovered
from all customers of the contracting electric distribution company
through a fully reconciling component of electric rates for all
customers of electric distribution companies, until the electric
distribution company's next rate case, at which time such costs and
investments shall be recoverable through base distribution rates.
Nothing in this section shall preclude the resale or other disposition of
any energy products, capacity and associated environmental attributes
purchased by the electric distribution company, provided the electric
distribution company shall net the cost of payments made to projects
under any long-term contracts entered into pursuant to subdivision (2)
of this section against the proceeds of the sale of any energy products,
capacity and environmental attributes and the difference shall be
credited or charged to distribution customers through a reconciling
component of electric rates, as determined by the authority, that is
nonbypassable when switching electric suppliers. The electric
distribution company may use any energy products, capacity and
environmental attributes produced by such facility to meet the needs
of customers served pursuant to section 16-244c of the general statutes.
Notwithstanding the provisions of subdivision (1) of subsection (h) of
section 16-244c of the general statutes, certificates issued by the New
England Power Pool Generation Information System for any Class I
renewable energy source acquired pursuant to this section may be
retained by the electric distribution company to meet the requirements
of section 16-245a of the general statutes.

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

| Section 1 | July 1, 2017 | New section |

**Statement of Purpose:**
To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]