



General Assembly

Substitute Bill No. 106

January Session, 2017



AN ACT CONCERNING THE DIVERSITY OF BASELOAD ENERGY SUPPLIES IN THE STATE AND ACHIEVING CONNECTICUT'S GREENHOUSE GAS EMISSIONS MANDATED LEVELS.

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

1 Section 1. (NEW) (*Effective from passage*) (a) In order to secure a long
2 term supply of diverse cost-effective resources to provide more reliable
3 electric service for the benefit of the state's electric ratepayers and to
4 meet the state's energy and environmental goals and policies
5 established in the Integrated Resources Plan, pursuant to section 16a-
6 3a of the general statutes, the Comprehensive Energy Strategy,
7 pursuant to section 16a-3d of the general statutes, section 22a-200a of
8 the general statutes and the state-wide solid waste management plan
9 developed pursuant to section 22a-241a of the general statutes, on or
10 after October 1, 2017, 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, shall, on behalf of
14 Connecticut alone: (1) Issue one or more solicitations from providers of
15 the following resources constructed on or after the date the
16 commissioner issues the solicitation pursuant to this subdivision: (A)
17 Class I renewable energy sources, as defined in section 16-1 of the
18 general statutes, that emit no pollutants and have a nameplate capacity
19 rating of twenty megawatts or more; (B) verifiable large-scale

20 hydropower, as defined in section 16-1 of the general statutes, and any
21 associated transmission; (C) Class I renewable energy resources that
22 use Class I technologies that have emissions of no more than 0.07
23 pounds per megawatt-hour of nitrogen oxides, 0.10 pounds per
24 megawatt-hour of carbon monoxide, 0.02 pounds per megawatt-hour
25 of volatile organic compounds, and one grain per one hundred
26 standard cubic feet; and (D) Class I anaerobic digestion facilities that
27 are part of a provider response under subparagraph (B) of subdivision
28 (2) of this subsection; and (2) issue one or more solicitations from
29 providers of the following resources constructed before the date the
30 commissioner issues the solicitation pursuant to this subdivision: (A)
31 Nuclear power generating facilities that are fully relicensed to operate
32 by the federal Nuclear Regulatory Commission by the effective date of
33 this section and through 2029 or later; (B) trash-to-energy facilities that
34 are registered Class II renewable energy sources, as defined in section
35 16-1 of the general statutes, provided such facilities (i) advance the
36 state's recycling and waste diversion goals by acquiring and installing
37 new or upgraded material recovery technology, and (ii) develop new
38 Class I anaerobic digestion facilities or partner with existing Class I
39 anaerobic digestion facilities to divert material recovered from the
40 waste stream; and (C) Class I biomass facilities that went into service
41 on or after December 1, 2013, and provide a waste stream management
42 benefit to the state in accordance with the state-wide solid waste
43 management plan developed pursuant to section 22a-241a of the
44 general statutes. All such resources shall be delivered into the control
45 area of the regional independent system operator, as defined in section
46 16-1 of the general statutes.

47 (b) The Commissioner of Energy and Environmental Protection, in
48 consultation with the procurement manager identified in subsection (l)
49 of section 16-2 of the general statutes, the Office of Consumer Counsel
50 and the Attorney General: (1) Shall evaluate project proposals received
51 in response to any solicitation issued pursuant to subsection (a) of this
52 section based on whether such proposal is in the best interest of
53 ratepayers and whether the benefits of such proposal outweigh the

54 costs to ratepayers, based on the following: (A) The delivered prices of
55 such sources compared to the forecasted price of energy, as
56 determined by the commissioner or his or her designee; (B) impacts on
57 electric system operations and reliability; (C) the extent to which such
58 proposal will contribute to: (i) The local sourcing requirement set by
59 the regional independent system operator, as defined in section 16-1 of
60 the general statutes; and (ii) the goals established in the state-wide
61 solid waste management plan developed pursuant to section 22a-241a
62 of the general statutes; and (D) fuel diversity; and (2) may evaluate
63 project proposals received in response to any solicitation issued
64 pursuant to subsection (a) of this section based on the forecasted price
65 of capacity or environmental attributes, as determined by the
66 commissioner or his or her designee.

67 (c) The commissioner may hire consultants with expertise in the
68 quantitative modeling of electric markets and physical electric system
69 modeling, as applicable, to assist in implementing this section,
70 including, but not limited to, evaluating proposals submitted pursuant
71 to this section. All reasonable costs, not to exceed two million dollars,
72 associated with the commissioner's solicitation and review of
73 proposals pursuant to this section shall be recoverable through the
74 nonbypassable federally mandated congestion charge, as defined in
75 subsection (a) of section 16-1 of the general statutes. Such costs shall be
76 recoverable regardless of whether the commissioner selects any
77 proposal pursuant to solicitations issued pursuant to this section.

78 (d) If the commissioner finds one or more proposals received
79 pursuant to this section to be in the best interest of ratepayers, in
80 accordance with the provisions of subsection (b) of this section,
81 consistent with the requirements to reduce greenhouse gas emissions
82 in accordance with section 22a-200a of the general statutes, and in
83 accordance with the policy goals outlined in the Comprehensive
84 Energy Strategy, adopted pursuant to section 16a-3d of the general
85 statutes, the commissioner may select one or more proposals,
86 provided: (1) The benefits of each proposal exceeds the costs of such

87 proposal; and (2) the total annual energy output of the proposals
88 selected pursuant to this section, in the aggregate, shall not exceed
89 eleven million one hundred thousand megawatt-hours of electricity,
90 provided: (A) The total annual energy output of the proposals
91 described in subparagraph (A) of subdivision (1) of subsection (a) of
92 this section and subparagraph (C) of subdivision (1) of subsection (a)
93 of this section selected pursuant to this section shall not exceed two
94 hundred sixty-two thousand nine hundred fifty megawatt-hours of
95 electricity; (B) the total annual energy output of the proposals
96 described in subparagraph (B) of subdivision (1) of subsection (a) of
97 this section selected pursuant to this section shall not exceed two
98 million one hundred ninety-one thousand two hundred fifty
99 megawatt-hours of electricity; (C) the total annual energy output of the
100 proposals described in subparagraph (D) of subdivision (1) of
101 subsection (a) of this section selected pursuant to this section shall not
102 exceed eighty-seven thousand six hundred fifty megawatt-hours of
103 electricity; (D) the total annual energy output of the proposals
104 described in subparagraph (A) of subdivision (2) of subsection (a) of
105 this section selected pursuant to this section shall not exceed eight
106 million three hundred twenty-six thousand seven hundred fifty
107 megawatt-hours of electricity; (E) the total annual energy output of the
108 proposals described in subparagraph (B) of subdivision (2) of
109 subsection (a) of this section selected pursuant to this section shall not
110 exceed eighty-seven thousand six hundred fifty megawatt-hours of
111 electricity; and (F) the total annual energy output of the proposals
112 described in subparagraph (C) of subdivision (2) of subsection (a) of
113 this section selected pursuant to this section shall not exceed eighty-
114 seven thousand six hundred fifty megawatt-hours of electricity.

115 (e) The commissioner may, on behalf of all customers of electric
116 distribution companies, direct the electric distribution companies, as
117 defined in section 16-1 of the general statutes, to enter into agreements
118 for energy, capacity, any environmental attributes and any associated
119 transmission, or any combination thereof, from proposals submitted
120 pursuant to this section as follows: (1) For proposals pursuant to

121 subdivision (1) of subsection (a) of this section and subparagraphs (B)
122 and (C) of subdivision (2) of subsection (a) of this section, for a period
123 not to exceed twenty years; and (2) for proposals pursuant to
124 subparagraph (A) of subdivision (2) of subsection (a) of this section, for
125 a period not to exceed five years.

126 (f) Any agreement described in subsection (e) of this section shall be
127 subject to review and approval by the Public Utilities Regulatory
128 Authority. Such review shall commence upon the filing of the signed
129 power purchase agreement with the authority. The authority shall
130 issue a decision on any such agreement not later than ninety days after
131 such filing, except that if the commissioner delegates any authority to
132 the electric distribution companies pursuant to subsection (i) of this
133 section, the authority shall issue a decision on such agreement not later
134 than one hundred twenty days after such filing. In the event the
135 authority does not issue a decision within ninety days or one hundred
136 twenty days, as applicable, after such agreement is filed with the
137 authority, the agreement shall be deemed approved. The net costs of
138 any such agreement, including costs incurred by the electric
139 distribution companies under the agreement and reasonable costs
140 incurred by the electric distribution companies in connection with the
141 agreement, shall be recovered on a timely basis through a fully
142 reconciling component of electric rates for all customers of electric
143 distribution companies. Any net revenues from the sale of products
144 purchased in accordance with any agreement entered into pursuant to
145 this section shall be credited on a timely basis to customers through the
146 same fully reconciling rate component for all customers of the
147 contracting electric distribution company.

148 (g) With regard to the energy procured by an electric distribution
149 company pursuant to subsection (e) of this section, such electric
150 distribution company may: (1) Sell such energy into the relevant
151 market; or (2) retain such energy to meet the standard service
152 requirements of section 16-244c of the general statutes. In determining
153 whether to sell or retain such energy, the company shall select the

154 option that is in the best interest of such company's ratepayers.

155 (h) Any certificates issued by the New England Power Pool
156 Generation Information System for any Class I renewable energy
157 source or Class II renewable energy source procured by an electric
158 distribution company pursuant to subsection (e) of this section may be:
159 (1) Sold into the New England Power Pool Generation Information
160 System renewable energy credit market to be used by any electric
161 supplier or electric distribution company to meet the requirements of
162 section 16-245a of the general statutes, as amended by this act,
163 provided any revenues from such sale are credited to electric
164 distribution company customers as described in this subsection; or (2)
165 retained by the electric distribution company to meet the requirements
166 of section 16-245a of the general statutes, as amended by this act. In
167 determining whether to sell or retain such certificates, the electric
168 distribution company shall select the option that is in the best interest
169 of such company's ratepayers.

170 (i) The commissioner may, at his or her discretion, delegate his or
171 her authority in subsections (b) to (h), inclusive, of this section to the
172 electric distribution companies, provided any necessary procedures
173 are put in place, in accordance with the provisions of this subsection,
174 to avoid any potential conflicts of interest. The commissioner may not
175 delegate his or her authority in subsection (a) of this section. If the
176 commissioner delegates his or her authority pursuant to this
177 subsection, the commissioner may revoke such delegation at any time.
178 If the commissioner delegates his or her authority pursuant to this
179 subsection, the commissioner shall provide notice of such delegation at
180 the time the commissioner issues the solicitation pursuant to
181 subsection (a) of this section. Such procedures to avoid any potential
182 conflicts of interest shall include, but not be limited to, the following:
183 (1) Each electric distribution company shall notify the commissioner
184 and provide public notice prior to the end of the solicitation period if
185 such electric distribution company, such electric distribution
186 company's parent company, any subsidiary of such electric

187 distribution company or any entity in which such electric distribution
188 company has a financial interest intends to respond to the solicitation
189 pursuant to this section. The commissioner shall not delegate his or her
190 authority to: (A) Any electric distribution company that responds to
191 the solicitation but did not notify the commissioner pursuant to this
192 subsection; or (B) any electric distribution company that cannot
193 demonstrate that it has complied with the provisions of this
194 subsection, if such demonstration is requested by the commissioner;
195 (2) each electric distribution company that intends to respond to the
196 solicitation pursuant to this section shall: (A) Establish a group of
197 individuals responsible for developing a response to the solicitation
198 issued pursuant to subsection (a) of this section, which shall be known
199 as the bid team; and (B) establish a group of individuals responsible
200 for evaluating and selecting proposals pursuant to subsections (b) to
201 (h), inclusive, of this section, which shall be known as the evaluation
202 team. No individual may be a member of both the bid team and the
203 evaluation team; (3) each electric distribution company that intends to
204 respond to the solicitation pursuant to this section shall establish and
205 maintain a screen or firewall between its bid team and evaluation team
206 with respect to information or communications relating to the
207 solicitation and potential responses pursuant to this section. Each
208 electric distribution company shall ensure that no substantive or
209 material internal or external communications, in any form, occur
210 between any member of its bid team and any member of its evaluation
211 team about such solicitation, the solicitation process, or any potential
212 responses to such solicitation; (4) each electric distribution company
213 that intends to respond to the solicitation pursuant to this section shall
214 ensure that all activity conducted pursuant to subsection (a) of this
215 section is conducted solely by the bid team. Such electric distribution
216 company shall ensure that no member of the bid team consults,
217 advises or communicates directly or indirectly with a member of the
218 evaluation team about the solicitation or any response to the
219 solicitation during the preparation or submission of the response or the
220 evaluation process; (5) each electric distribution company that intends
221 to respond to the solicitation pursuant to this section shall ensure that

222 the evaluation team responsibilities do not involve any
223 communication, advice or consultation with the bid team about the
224 solicitation or any response to the solicitation. Such electric
225 distribution company shall ensure that no member of the evaluation
226 team consults, advises or communicates directly or indirectly with a
227 member of the bid team about the solicitation or any response to the
228 solicitation during the preparation or submission of such response or
229 the evaluation process; (6) each electric distribution company that
230 intends to respond to the solicitation pursuant to this section shall
231 ensure that the evaluation team does not open or review any
232 submitted responses until after the deadline for submitting responses
233 to the solicitation pursuant to this section; and (7) each electric
234 distribution company delegated authority pursuant to this section
235 shall direct all questions regarding submitted responses to the
236 commissioner and shall not contact any individual or entity that
237 responded to the solicitation pursuant to this section. Only the
238 commissioner may contact any individual or entity that responds to
239 such a solicitation.

240 Sec. 2. Subsection (a) of section 16-245a of the general statutes is
241 repealed and the following is substituted in lieu thereof (*Effective*
242 *October 1, 2017*):

243 (a) An electric supplier and an electric distribution company
244 providing standard service or supplier of last resort service, pursuant
245 to section 16-244c, shall demonstrate:

246 (1) On and after January 1, 2006, that not less than two per cent of
247 the total output or services of any such supplier or distribution
248 company shall be generated from Class I renewable energy sources
249 and an additional three per cent of the total output or services shall be
250 from Class I or Class II renewable energy sources;

251 (2) On and after January 1, 2007, not less than three and one-half per
252 cent of the total output or services of any such supplier or distribution
253 company shall be generated from Class I renewable energy sources

254 and an additional three per cent of the total output or services shall be
255 from Class I or Class II renewable energy sources;

256 (3) On and after January 1, 2008, not less than five per cent of the
257 total output or services of any such supplier or distribution company
258 shall be generated from Class I renewable energy sources and an
259 additional three per cent of the total output or services shall be from
260 Class I or Class II renewable energy sources;

261 (4) On and after January 1, 2009, not less than six per cent of the
262 total output or services of any such supplier or distribution company
263 shall be generated from Class I renewable energy sources and an
264 additional three per cent of the total output or services shall be from
265 Class I or Class II renewable energy sources;

266 (5) On and after January 1, 2010, not less than seven per cent of the
267 total output or services of any such supplier or distribution company
268 shall be generated from Class I renewable energy sources and an
269 additional three per cent of the total output or services shall be from
270 Class I or Class II renewable energy sources;

271 (6) On and after January 1, 2011, not less than eight per cent of the
272 total output or services of any such supplier or distribution company
273 shall be generated from Class I renewable energy sources and an
274 additional three per cent of the total output or services shall be from
275 Class I or Class II renewable energy sources;

276 (7) On and after January 1, 2012, not less than nine per cent of the
277 total output or services of any such supplier or distribution company
278 shall be generated from Class I renewable energy sources and an
279 additional three per cent of the total output or services shall be from
280 Class I or Class II renewable energy sources;

281 (8) On and after January 1, 2013, not less than ten per cent of the
282 total output or services of any such supplier or distribution company
283 shall be generated from Class I renewable energy sources and an
284 additional three per cent of the total output or services shall be from

285 Class I or Class II renewable energy sources;

286 (9) On and after January 1, 2014, not less than eleven per cent of the
287 total output or services of any such supplier or distribution company
288 shall be generated from Class I renewable energy sources and an
289 additional three per cent of the total output or services shall be from
290 Class I or Class II renewable energy sources;

291 (10) On and after January 1, 2015, not less than twelve and one-half
292 per cent of the total output or services of any such supplier or
293 distribution company shall be generated from Class I renewable
294 energy sources and an additional three per cent of the total output or
295 services shall be from Class I or Class II renewable energy sources;

296 (11) On and after January 1, 2016, not less than fourteen per cent of
297 the total output or services of any such supplier or distribution
298 company shall be generated from Class I renewable energy sources
299 and an additional three per cent of the total output or services shall be
300 from Class I or Class II renewable energy sources;

301 (12) On and after January 1, 2017, not less than fifteen and one-half
302 per cent of the total output or services of any such supplier or
303 distribution company shall be generated from Class I renewable
304 energy sources and an additional three per cent of the total output or
305 services shall be from Class I or Class II renewable energy sources;

306 (13) On and after January 1, 2018, not less than seventeen per cent of
307 the total output or services of any such supplier or distribution
308 company shall be generated from Class I renewable energy sources
309 and an additional three per cent of the total output or services shall be
310 from Class I or Class II renewable energy sources;

311 (14) On and after January 1, 2019, not less than nineteen and one-
312 half per cent of the total output or services of any such supplier or
313 distribution company shall be generated from Class I renewable
314 energy sources and an additional three per cent of the total output or
315 services shall be from Class I or Class II renewable energy sources;

316 (15) On and after January 1, 2020, not less than twenty per cent of
317 the total output or services of any such supplier or distribution
318 company shall be generated from Class I renewable energy sources
319 and an additional three per cent of the total output or services shall be
320 from Class I or Class II renewable energy sources; [.]

321 (16) On and after January 1, 2021, not less than twenty-one per cent
322 of the total output or services of any such supplier or distribution
323 company shall be generated from Class I renewable energy sources
324 and an additional three per cent of the total output or services shall be
325 from Class I or Class II renewable energy sources;

326 (17) On and after January 1, 2022, not less than twenty-two per cent
327 of the total output or services of any such supplier or distribution
328 company shall be generated from Class I renewable energy sources
329 and an additional three per cent of the total output or services shall be
330 from Class I or Class II renewable energy sources;

331 (18) On and after January 1, 2023, not less than twenty-three per cent
332 of the total output or services of any such supplier or distribution
333 company shall be generated from Class I renewable energy sources
334 and an additional three per cent of the total output or services shall be
335 from Class I or Class II renewable energy sources;

336 (19) On and after January 1, 2024, not less than twenty-four per cent
337 of the total output or services of any such supplier or distribution
338 company shall be generated from Class I renewable energy sources
339 and an additional three per cent of the total output or services shall be
340 from Class I or Class II renewable energy sources;

341 (20) On and after January 1, 2025, not less than twenty-five per cent
342 of the total output or services of any such supplier or distribution
343 company shall be generated from Class I renewable energy sources
344 and an additional three per cent of the total output or services shall be
345 from Class I or Class II renewable energy sources;

346 (21) On and after January 1, 2026, not less than twenty-six per cent

347 of the total output or services of any such supplier or distribution
348 company shall be generated from Class I renewable energy sources
349 and an additional three per cent of the total output or services shall be
350 from Class I or Class II renewable energy sources;

351 (22) On and after January 1, 2027, not less than twenty-seven per
352 cent of the total output or services of any such supplier or distribution
353 company shall be generated from Class I renewable energy sources
354 and an additional three per cent of the total output or services shall be
355 from Class I or Class II renewable energy sources;

356 (23) On and after January 1, 2028, not less than twenty-eight per cent
357 of the total output or services of any such supplier or distribution
358 company shall be generated from Class I renewable energy sources
359 and an additional three per cent of the total output or services shall be
360 from Class I or Class II renewable energy sources;

361 (24) On and after January 1, 2029, not less than twenty-nine per cent
362 of the total output or services of any such supplier or distribution
363 company shall be generated from Class I renewable energy sources
364 and an additional three per cent of the total output or services shall be
365 from Class I or Class II renewable energy sources;

366 (25) On and after January 1, 2030, not less than thirty per cent of the
367 total output or services of any such supplier or distribution company
368 shall be generated from Class I renewable energy sources and an
369 additional three per cent of the total output or services shall be from
370 Class I or Class II renewable energy sources;

371 (26) On and after January 1, 2031, not less than thirty-one per cent of
372 the total output or services of any such supplier or distribution
373 company shall be generated from Class I renewable energy sources
374 and an additional three per cent of the total output or services shall be
375 from Class I or Class II renewable energy sources;

376 (27) On and after January 1, 2032, not less than thirty-two per cent of
377 the total output or services of any such supplier or distribution

378 company shall be generated from Class I renewable energy sources
379 and an additional three per cent of the total output or services shall be
380 from Class I or Class II renewable energy sources;

381 (28) On and after January 1, 2033, not less than thirty-three per cent
382 of the total output or services of any such supplier or distribution
383 company shall be generated from Class I renewable energy sources
384 and an additional three per cent of the total output or services shall be
385 from Class I or Class II renewable energy sources;

386 (29) On and after January 1, 2034, not less than thirty-four per cent
387 of the total output or services of any such supplier or distribution
388 company shall be generated from Class I renewable energy sources
389 and an additional three per cent of the total output or services shall be
390 from Class I or Class II renewable energy sources;

391 (30) On and after January 1, 2035, not less than thirty-five per cent of
392 the total output or services of any such supplier or distribution
393 company shall be generated from Class I renewable energy sources
394 and an additional three per cent of the total output or services shall be
395 from Class I or Class II renewable energy sources;

396 (31) On and after January 1, 2036, not less than thirty-six per cent of
397 the total output or services of any such supplier or distribution
398 company shall be generated from Class I renewable energy sources
399 and an additional three per cent of the total output or services shall be
400 from Class I or Class II renewable energy sources;

401 (32) On and after January 1, 2037, not less than thirty-seven per cent
402 of the total output or services of any such supplier or distribution
403 company shall be generated from Class I renewable energy sources
404 and an additional three per cent of the total output or services shall be
405 from Class I or Class II renewable energy sources;

406 (33) On and after January 1, 2038, not less than thirty-eight per cent
407 of the total output or services of any such supplier or distribution
408 company shall be generated from Class I renewable energy sources

409 and an additional three per cent of the total output or services shall be
410 from Class I or Class II renewable energy sources;

411 (34) On and after January 1, 2039, not less than thirty-nine per cent
412 of the total output or services of any such supplier or distribution
413 company shall be generated from Class I renewable energy sources
414 and an additional three per cent of the total output or services shall be
415 from Class I or Class II renewable energy sources;

416 (35) On and after January 1, 2040, not less than forty per cent of the
417 total output or services of any such supplier or distribution company
418 shall be generated from Class I renewable energy sources and an
419 additional three per cent of the total output or services shall be from
420 Class I or Class II renewable energy sources.

421 Sec. 3. Subsection (c) of section 16-244r of the general statutes is
422 repealed and the following is substituted in lieu thereof (*Effective July*
423 *1, 2017*):

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

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

432 (3) After year six, the authority shall seek to enter new contracts for
433 the total of seven years.

434 (A) The aggregate procurement of renewable energy credits by
435 electric distribution companies pursuant to this subdivision shall (i)
436 increase by an additional eight million dollars per year in years five,
437 [and] six and seven, (ii) be [forty-eight] fifty-six million dollars in years
438 [seven] eight to fifteen, inclusive, and (iii) decline by eight million

439 dollars per year in years sixteen to [twenty-one] twenty-two, inclusive,
440 provided any money not allocated in any given year may roll into the
441 next year's available funds.

442 (B) For the sixth and seventh year [solicitation] solicitations, each
443 electric distribution company shall solicit and file with the Public
444 Utilities Regulatory Authority for its approval one or more long-term
445 contracts with owners or developers of Class I generation projects that:
446 (i) Emit no pollutants and that are less than one thousand kilowatts in
447 size, located on the customer side of the revenue meter and serve the
448 distribution system of the electric distribution company, provided such
449 contracts do not exceed fifty per cent of the dollar amount established
450 for [year] years six and seven under subparagraph (A) of this
451 subdivision; and (ii) are less than two megawatts in size, located on the
452 customer side of the revenue meter, serve the distribution system of
453 the electric distribution company, and use Class I technologies that
454 have no emissions of no more than 0.07 pounds per megawatt-hour of
455 nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide,
456 0.02 pounds per megawatt-hour of volatile organic compounds, and
457 one grain per one hundred standard cubic feet, provided such
458 contracts do not exceed fifty per cent of the dollar amount established
459 for [year] years six and seven under subparagraph (A) of this
460 subdivision. The authority may give a preference to contracts for
461 technologies manufactured, researched or developed in the state.

462 [(3)] (4) The production of a megawatt hour of electricity from a
463 Class I renewable energy source first placed in service on or after July
464 1, 2011, shall create one renewable energy credit. A renewable energy
465 credit shall have an effective life covering the year in which the credit
466 was created and the following calendar year. The obligation to
467 purchase renewable energy credits shall be apportioned to electric
468 distribution companies based on their respective distribution system
469 loads at the commencement of the procurement period, as determined
470 by the authority. For contracts entered into in calendar year 2012, an
471 electric distribution company shall not be required to enter into a

472 contract that provides a payment of more than three hundred fifty
473 dollars, per renewable energy credit in any year over the term of the
474 contract. For contracts entered into in calendar years 2013 to 2017,
475 inclusive, at least ninety days before each annual electric distribution
476 company solicitation, the Public Utilities Regulatory Authority may
477 lower the renewable energy credit price cap specified in this subsection
478 by three to seven per cent annually, during each of the six years of the
479 program over the term of the contract. For contracts entered into in
480 calendar year 2018, at least ninety days before the electric distribution
481 company solicitation, the Public Utilities Regulatory Authority may
482 lower the renewable energy credit price cap specified in this subsection
483 by sixty-four per cent, during year seven of the program over the term
484 of the contract. In the course of lowering such price cap applicable to
485 each annual solicitation, the authority shall, after notice and
486 opportunity for public comment, consider such factors as the actual
487 bid results from the most recent electric distribution company
488 solicitation and reasonably foreseeable reductions in the cost of eligible
489 technologies.

490 Sec. 4. (NEW) (*Effective October 1, 2017*) An electric distribution
491 company may submit to the Public Utilities Regulatory Authority for
492 approval one or more plans to acquire new fuel cell electricity
493 generation that began operation on or after October 1, 2017. Any such
494 plan shall utilize a competitive process for the purpose of providing
495 distribution system benefits, including, but not limited to, avoiding or
496 deferring distribution capacity upgrades, and enhancing distribution
497 system reliability, including, but not limited to, voltage or frequency
498 improvements. Any such plan shall give preference to proposals that
499 make efficient use of existing sites and supply infrastructure. In the
500 event that the authority approves such plan, an electric distribution
501 company may submit to the authority (1) proposed power purchase
502 agreements negotiated with persons to build, own and operate new
503 fuel cell generation, or (2) proposals to provide financial incentives for
504 the installation of combined heat and power systems powered by fuel
505 cells, provided any such incentives shall be consistent with the

506 Comprehensive Energy Strategy pursuant to section 16a-3d of the
507 general statutes. The facilities built pursuant to said power purchase
508 agreements and that receive said financial incentives under this section
509 shall not exceed a total nameplate capacity rating of ten megawatts in
510 the aggregate. The authority shall evaluate any proposal submitted
511 pursuant to this section in a manner that is consistent with the
512 principles of sections 16-19 and 16-19e of the general statutes and may
513 approve one or more proposals if it finds that such proposal (A) was
514 developed in a manner that is consistent with the acquisition plan
515 approved by the authority, (B) serves the long-term interests of
516 ratepayers, and (C) cost-effectively avoids or defers distribution
517 system costs. The costs incurred by an electric distribution company
518 under this section shall be recovered from all customers of the
519 contracting electric distribution company through a fully reconciling
520 component of electric rates for all customers of electric distribution
521 companies, until the electric distribution company's next rate case, at
522 which time such costs and investments shall be recoverable through
523 base distribution rates. Nothing in this section shall preclude the resale
524 or other disposition of any energy products, capacity and associated
525 environmental attributes purchased by the electric distribution
526 company, provided the electric distribution company shall net the cost
527 of payments made to projects under any long-term contracts entered
528 into pursuant to subdivision (1) of this section against the proceeds of
529 the sale of any energy products, capacity and environmental attributes
530 and the difference shall be credited or charged to distribution
531 customers through a reconciling component of electric rates, as
532 determined by the authority, that is nonbypassable when switching
533 electric suppliers. The electric distribution company may use any
534 energy products, capacity and environmental attributes produced by
535 such facility to meet the needs of customers served pursuant to section
536 16-244c of the general statutes. Notwithstanding the provisions of
537 subdivision (1) of subsection (h) of section 16-244c of the general
538 statutes, certificates issued by the New England Power Pool
539 Generation Information System for any Class I renewable energy
540 source acquired pursuant to this section may be retained by the electric

541 distribution company to meet the requirements of section 16-245a of
542 the general statutes, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>October 1, 2017</i>	16-245a(a)
Sec. 3	<i>July 1, 2017</i>	16-244r(c)
Sec. 4	<i>October 1, 2017</i>	New section

ET *Joint Favorable Subst.*

APP *Joint Favorable*