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:

Section 1. (NEW) (Effective from passage) (a) In order to secure a long term supply of diverse 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, section 22a-200a of the general statutes and the state-wide solid waste management plan developed pursuant to section 22a-241a of the general statutes, on or after October 1, 2017, 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, shall, on behalf of Connecticut alone: (1) Issue one or more solicitations from providers of the following resources constructed on or after the date the commissioner issues the solicitation pursuant to this subdivision: (A) Class I renewable energy sources, as defined in section 16-1 of the general statutes, that emit no pollutants and have a nameplate capacity rating of twenty megawatts or more; (B) verifiable large-scale...
hydropower, as defined in section 16-1 of the general statutes, and any
associated transmission; (C) Class I renewable energy resources that
use Class I technologies that have 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; and (D) Class I anaerobic digestion facilities that
are part of a provider response under subparagraph (B) of subdivision
(2) of this subsection; and (2) issue one or more solicitations from
providers of the following resources constructed before the date the
commissioner issues the solicitation pursuant to this subdivision: (A)
Nuclear power generating facilities that are fully relicensed to operate
by the federal Nuclear Regulatory Commission by the effective date of
this section and through 2029 or later; (B) trash-to-energy facilities that
are registered Class II renewable energy sources, as defined in section
16-1 of the general statutes, provided such facilities (i) advance the
state's recycling and waste diversion goals by acquiring and installing
new or upgraded material recovery technology, and (ii) develop new
Class I anaerobic digestion facilities or partner with existing Class I
anaerobic digestion facilities to divert material recovered from the
waste stream; and (C) Class I biomass facilities that went into service
on or after December 1, 2013, and provide a waste stream management
benefit to the state in accordance with the state-wide solid waste
management plan developed pursuant to section 22a-241a 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 whether such proposal is in the best interest of
ratepayers and whether the benefits of such proposal outweigh the
costs to ratepayers, based on the following: (A) The delivered prices of such sources compared to the forecasted price of energy, as determined by the commissioner or his or her designee; (B) impacts on electric system operations and reliability; (C) 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; and (D) 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 two million 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.

(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 eleven million one hundred thousand megawatt-hours of electricity, provided: (A) The total annual energy output of the proposals described in subparagraph (A) of subdivision (1) of subsection (a) of this section and subparagraph (C) of subdivision (1) of subsection (a) of this section selected pursuant to this section shall not exceed two hundred sixty-two thousand nine hundred fifty megawatt-hours of electricity; (B) the total annual energy output of the proposals described in subparagraph (B) of subdivision (1) of subsection (a) of this section selected pursuant to this section shall not exceed two million one hundred ninety-one thousand two hundred fifty megawatt-hours of electricity; (C) the total annual energy output of the proposals described in subparagraph (D) of subdivision (1) of subsection (a) of this section selected pursuant to this section shall not exceed eighty-seven thousand six hundred fifty megawatt-hours of electricity; (D) the total annual energy output of the proposals described in subparagraph (A) of subdivision (2) of subsection (a) of this section selected pursuant to this section shall not exceed eighteen million three hundred twenty-six thousand seven hundred fifty megawatt-hours of electricity; (E) the total annual energy output of the proposals described in subparagraph (B) of subdivision (2) of subsection (a) of this section selected pursuant to this section shall not exceed eighty-seven thousand six hundred fifty megawatt-hours of electricity; and (F) the total annual energy output of the proposals described in subparagraph (C) of subdivision (2) of subsection (a) of this section selected pursuant to this section shall not exceed eighty-seven thousand six hundred fifty megawatt-hours of electricity.

(e) The commissioner may, on behalf of all customers of electric distribution companies, direct the electric distribution companies, as defined in section 16-1 of the general statutes, 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 proposals pursuant to
subsection (1) of subsection (a) of this section and subparagraphs (B) and (C) of subdivision (2) of subsection (a) of this section, for a period not to exceed twenty years; and (2) for proposals pursuant to subparagraph (A) of subdivision (2) of subsection (a) of this section, for a period not to exceed five years.

(f) Any agreement described in subsection (e) of this section shall be subject to review and approval by the Public Utilities Regulatory Authority. Such 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, as applicable, 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.

(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, as amended by this act, 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 to meet the requirements of section 16-245a of the general statutes, as amended by this act. 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 may revoke such delegation at any time. 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 delegated 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) On and after January 1, 2019, not less than nineteen and one-half per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;
(15) On and after January 1, 2020, not less than twenty per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources; []

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

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

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

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

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

(21) On and after January 1, 2026, not less than twenty-six per cent
of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

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

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

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

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

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

(27) On and after January 1, 2032, not less than thirty-two per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;
company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

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

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

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

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

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

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

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

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

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

(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.

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

(A) 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 and seven, (ii) be [forty-eight] fifty-six million dollars in years [seven] eight to fifteen, inclusive, and (iii) decline by eight million
dollars per year in years sixteen to twenty-two, inclusive, provided any money not allocated in any given year may roll into the next year's available funds.

(B) For the sixth and seventh year solicitation[s], 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 years six and seven 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 years six and seven under subparagraph (A) of this subdivision. The authority may give a preference to contracts for technologies manufactured, researched or developed in the state.

[(3) (4)] 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 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. For contracts entered into in
calendar year 2018, at least ninety days before the electric distribution
company solicitation, the Public Utilities Regulatory Authority may
lower the renewable energy credit price cap specified in this subsection
by sixty-four per cent, during year seven 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.

Sec. 4. (NEW) (Effective October 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 October 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) proposed power purchase
agreements negotiated with persons to build, own and operate new
fuel cell generation, or (2) 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 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. 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 (1) 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, as amended by this act.

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

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**ET** Joint Favorable Subst.

**APP** Joint Favorable