



**Senate Bill No. 1501**

**June Special Session, Public Act No. 17-3**

**AN ACT CONCERNING ZERO CARBON SOLICITATION AND PROCUREMENT.**

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

Section 1. (NEW) (*Effective from passage*) (a) For the purposes of this section:

(1) "Best interest of ratepayers" means the benefits of a contract or proposal outweigh the costs to electric ratepayers, based on whether the delivered prices of sources included in such contract or proposal are less than the forecasted price of energy and capacity, as determined by the commissioner or the commissioner's designee, and based on a consideration of the following factors, as determined by the commissioner or the commissioner's designee: (A) Impacts on electric system operations and reliability; (B) the extent to which such contract or 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) meeting the requirements to reduce greenhouse gas emissions and improve air quality in accordance with sections 16-245a, 22a-174 and 22a-200a of the general statutes; (C) fuel diversity; and (D) whether the proposal is aligned with the policy goals outlined in the Integrated Resources Plan developed pursuant to section 16a-3a of the general statutes and the Comprehensive Energy

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Strategy developed pursuant to section 16a-3d of the general statutes, including, but not limited to, environmental impacts; and

(2) "Eligible nuclear power generating facility" means a nuclear power generating facility that is located in the control area of the regional independent system operator, as defined in section 16-1 of the general statutes, and is licensed to operate through January 1, 2030, or later.

(b) The Commissioner of Energy and Environmental Protection and the Public Utilities Regulatory Authority shall (1) conduct an appraisal regarding nuclear power generating facilities in accordance with subsection (c) of this section, and (2) determine whether a solicitation process for nuclear power generating facilities shall be conducted pursuant to subsection (d) of this section. On or before February 1, 2018, the commissioner and the authority shall report, in accordance with section 11-4a of the general statutes, the results of the appraisal and the selection conducted pursuant to subsection (d) of this section to the General Assembly. If the General Assembly does not reject such results by a simple majority vote in each house on or before March 1, 2018, such results shall be deemed approved.

(c) The appraisal conducted pursuant to subdivision (1) of subsection (b) of this section shall assess: (1) The current economic condition of nuclear generating facilities located in the control area of the regional independent system operator, as defined in section 16-1 of the general statutes; (2) the projected economic condition of nuclear power generating facilities located in the control area of the regional independent system operator, as defined in section 16-1 of the general statutes; (3) the impact on the following considerations if such nuclear power generating facilities retire before July 1, 2027: (A) Electric markets, fuel diversity, energy security and grid reliability, (B) the state's greenhouse gas emissions mandated levels established pursuant to section 22a-200a of the general statutes, and (C) the state, regional

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and local economy.

(d) After completing the appraisal, if the results of such appraisal demonstrate that action is necessary, the commissioner shall act and may issue one or more solicitations, in consultation with the procurement manager identified in subsection (l) of section 16-2 of the general statutes and the Office of Consumer Counsel established in section 16-2a of the general statutes, for zero-carbon electricity generating resources, including, but not limited to, eligible nuclear power generation facilities, hydropower, Class I renewable energy sources, as defined in section 16-1 of the general statutes, and energy storage systems, provided (1) the total annual energy output of any proposals selected, in the aggregate, shall be not more than twelve million megawatt hours of electricity, (2) any agreement entered into pursuant to this subdivision with an eligible nuclear power generation facility or hydropower shall be for a period of not less than three years and not more than ten years, and (3) any agreement entered into pursuant to this subdivision with Class I renewable energy sources, as defined in section 16-1 of the general statutes, and energy storage systems shall be for a period of not more than twenty years. On or before May 1, 2018, if the results of such appraisal demonstrate that one or more solicitations pursuant to this subsection are necessary, the commissioner shall initiate such solicitation process pursuant to this subsection, in accordance with subsection (e) of this section, provided any changes made, contracts entered into or agreements entered into are in the best interest of ratepayers.

(e) (1) Any solicitation issued pursuant to subsection (d) of this section for zero-carbon electricity generating resources, including, but not limited to, eligible nuclear power generation facilities, hydropower, Class I renewable energy sources, as defined in section 16-1 of the general statutes, and energy storage systems, shall be for resources delivered into the control area of the regional independent

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system operator, as defined in section 16-1 of the general statutes, and any agreement entered into pursuant to subdivision (2) of this subsection shall be in the best interest of ratepayers. If the commissioner finds proposals received pursuant to such solicitations to be in the best interest of ratepayers, the commissioner may select any such proposal or proposals, provided (A) the total annual energy output of any proposals selected, in the aggregate, shall be not more than twelve million megawatt hours of electricity, (B) any agreement entered into pursuant to this subdivision with an eligible nuclear power generation facility or hydropower shall be for a period of not less than three years and not more than ten years, and (C) any agreement entered into pursuant to this subdivision with Class I renewable energy sources, as defined in section 16-1 of the general statutes, and energy storage systems shall be for a period of not more than twenty years.

(2) If the commissioner has made the determination and finding pursuant to subdivision (1) of this subsection, the commissioner shall, on behalf of all customers of electric distribution companies, direct the electric distribution companies to enter into agreements for energy, capacity and any environmental attributes, or any combination thereof, from proposals submitted pursuant to this subdivision.

(3) Any agreement entered into pursuant to subdivision (2) of this subsection shall be subject to review and approval by the Public Utilities Regulatory Authority. The electric distribution company shall file an application for the approval of any such agreement with the authority. The authority's review shall commence upon the filing of the signed power purchase agreement with the authority. The authority shall approve agreements that it determines (A) provide for the delivery of adequate and reliable products and services, for which there is a clear public need, at a just and reasonable price, (B) are prudent and cost effective, and (C) that the respondent to the

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solicitation has the technical, financial and managerial capabilities to perform pursuant to such agreement. The authority shall issue a decision not later than one hundred eighty days after such filing. If the authority does not issue a decision within one hundred eighty days after such filing, the agreement shall be deemed approved. The net costs of any such agreement, including costs incurred by the electric distribution company under the agreement and reasonable costs incurred by the electric distribution company in connection with the agreement, shall be recovered on a timely basis through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company. Any net revenues from the sale of products purchased in accordance with long-term contracts entered into pursuant to this section shall be credited to customers through the same nonbypassable fully reconciling rate component for all customers of the contracting electric distribution company.

(f) Each person owning and operating a nuclear power generating facility in the state shall pay a pro rata share of all reasonable costs associated with the department's appraisal pursuant to subsection (c) of this section, determination pursuant to subsection (d) of this section, and actions taken pursuant to subsection (e) of this section in an amount not to exceed one million dollars.