



House of Representatives

General Assembly

File No. 245

February Session, 2018

Substitute House Bill No. 5348

House of Representatives, April 5, 2018

The Committee on Energy and Technology reported through REP. REED of the 102nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT MAKING USEFUL THERMAL ENERGY GENERATED FROM BIODIESEL A CLASS I RENEWABLE ENERGY SOURCE AND CREATING A HOMEOWNER-GENERATED USEFUL THERMAL ENERGY PROGRAM.

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

1 Section 1. Subdivision (20) of subsection (a) of section 16-1 of the
2 2018 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective from passage*):

4 (20) "Class I renewable energy source" means (A) electricity derived
5 from (i) solar power, (ii) wind power, (iii) a fuel cell, (iv) geothermal,
6 (v) landfill methane gas, anaerobic digestion or other biogas derived
7 from biological sources, (vi) thermal electric direct energy conversion
8 from a certified Class I renewable energy source, (vii) ocean thermal
9 power, (viii) wave or tidal power, (ix) low emission advanced
10 renewable energy conversion technologies, (x) a run-of-the-river
11 hydropower facility that began operation after July 1, 2003, and has a
12 generating capacity of not more than thirty megawatts, provided a

13 facility that applies for certification under this clause after January 1,
14 2013, shall not be based on a new dam or a dam identified by the
15 commissioner as a candidate for removal, and shall meet applicable
16 state and federal requirements, including applicable site-specific
17 standards for water quality and fish passage, or (xi) a biomass facility
18 that uses sustainable biomass fuel and has an average emission rate of
19 equal to or less than .075 pounds of nitrogen oxides per million BTU of
20 heat input for the previous calendar quarter, except that energy
21 derived from a biomass facility with a capacity of less than five
22 hundred kilowatts that began construction before July 1, 2003, may be
23 considered a Class I renewable energy source, [or] (B) any electrical
24 generation, including distributed generation, generated from a Class I
25 renewable energy source, provided, on and after January 1, 2014, any
26 megawatt hours of electricity from a renewable energy source
27 described under this subparagraph that are claimed or counted by a
28 load-serving entity, province or state toward compliance with
29 renewable portfolio standards or renewable energy policy goals in
30 another province or state, other than the state of Connecticut, shall not
31 be eligible for compliance with the renewable portfolio standards
32 established pursuant to section 16-245a, or (C) useful thermal energy,
33 as defined in section 2 of this act, generated from biodiesel, including,
34 but not limited to, biodiesel that is blended into home heating oil, that
35 is (i) produced in (I) Connecticut, or (II) a state that borders
36 Connecticut and delivered into Connecticut, and (ii) delivered to a
37 homeowner in Connecticut;

38 Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

39 (1) "Authority" means the Public Utilities Regulatory Authority;

40 (2) "Heating fuel" has the same meaning as provided in section 16a-
41 17 of the general statutes;

42 (3) "Heating fuel dealer" has the same meaning as provided in
43 section 16a-17 of the general statutes; and

44 (4) "Useful thermal energy" means energy in the form of direct heat,

45 steam, hot water, hot air or other thermal form that is used in the
 46 production and beneficial measures of heating, cooling, humidity
 47 control, process use or other valid thermal end use energy
 48 requirements, as determined by the authority pursuant to subsection
 49 (b) of this section, for which fuel or electricity would otherwise be
 50 consumed.

51 (b) On or before July 1, 2019, the authority shall establish, by
 52 regulations adopted in accordance with the provisions of chapter 54 of
 53 the general statutes, a homeowner-generated useful thermal energy
 54 program in the state. Such regulations shall include, but not be limited
 55 to, (1) provisions for heating fuel dealers to aggregate the thermal
 56 energy produced by homeowner-generation units to which such
 57 dealers deliver heating fuel, (2) provisions for heating fuel dealers to
 58 obtain certificates issued by the New England Power Pool Generation
 59 Information System and sell such certificates, (3) a requirement that no
 60 homeowner shall be required to participate in the program, (4) a
 61 requirement that no homeowner that chooses to participate in the
 62 program shall be required to purchase or obtain a new furnace, (5) a
 63 formula to calculate the conversion of thermal energy output produced
 64 by homeowner-generation units to megawatt-hours, (6) a
 65 determination of any other valid thermal end use energy requirements,
 66 and (7) any other provisions necessary to implement the program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-1(a)(20)
Sec. 2	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Section 2(b), "of the general statutes" was inserted for consistency with standard drafting conventions and "adopted pursuant to chapter 54" was changed to "adopted in accordance with the provisions of" for accuracy.

ET Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19	FY 20
Public Utilities Regulatory Authority (PURA)	CC&PUCF - Cost	150,000	See Below
Consumer Counsel	CC&PUCF - Cost	150,000	See Below

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

See Below

Municipal Impact: None

Explanation

The bill requires Public Utilities Regulatory Authority (PURA) to adopt regulations on a homeowner-generated useful thermal energy program by July 1, 2019. As PURA and the Office of the Consumer Counsel do not have expertise for this purpose, there would be a cost in FY 19 to each agency for outside consultants of \$150,000 each to develop the regulations.

Additionally, the bill designates “useful thermal energy” generated from biodiesel as a Class I renewable energy source, making it eligible for renewable energy credits (REC’s). It is anticipated that expanding the pool of REC’s could increase costs to ratepayers, including the state and municipalities as ratepayers.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the cost of REC’s in the outyears.

OLR Bill Analysis**sHB 5348*****AN ACT MAKING USEFUL THERMAL ENERGY GENERATED FROM BIODIESEL A CLASS I RENEWABLE ENERGY SOURCE AND CREATING A HOMEOWNER-GENERATED USEFUL THERMAL ENERGY PROGRAM.*****SUMMARY**

This bill designates useful thermal energy generated from biodiesel as a Class I renewable energy source, thereby making it eligible for incentives or programs (e.g., renewable energy certificates) available to Class I energy sources (e.g., solar or wind power). Under the bill, useful thermal energy is energy in the form of direct heat, steam, hot water, hot air, or other thermal form used in the production and beneficial measure of heating, cooling, humidity control, process use, or other valid thermal end use energy requirement as determined by the Public Utilities Regulatory Authority (PURA), for which fuel or electricity would otherwise be consumed. The bill's provisions apply to useful thermal energy generated from biodiesel, including biodiesel blended into home heating oil, produced in Connecticut or a bordering state, and delivered to a homeowner in Connecticut.

The bill also requires PURA to establish, through regulations, a homeowner-generated useful thermal energy program by July 1, 2019 to allow heating fuel dealers to aggregate thermal energy produced by homeowner-generation units and obtain certificates for the environmental attributes of that energy, among other things. The bill does not define homeowner-generation units. By law, electric suppliers and electric distribution companies may satisfy their requirements under the state's renewable portfolio standard by purchasing such certificates (CGS § 16-245a). (Presumably, thermal energy will not be eligible for renewable energy credits until PURA establishes these regulations.)

EFFECTIVE DATE: Upon passage

HOMEOWNER-GENERATED USEFUL THERMAL ENERGY PROGRAM

The bill requires PURA to establish the homeowner-generated useful thermal energy program through regulations that include:

1. provisions for heating fuel dealers to aggregate thermal energy produced by homeowner-generation units where they deliver fuel,
2. provisions allowing heating fuel dealers to obtain and sell certificates issued by the New England Power Pool Generation Information System,
3. a prohibition on requiring homeowners to participate in the program,
4. a prohibition on requiring participating homeowners to purchase or obtain a new furnace,
5. a formula to convert the thermal energy output produced by a homeowner-generation unit into megawatt-hours,
6. determination of any other valid thermal end use energy requirements,
7. any other provision necessary to implement the program.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 17 Nay 8 (03/20/2018)