
OLR Bill Analysis

HB 5002

AN ACT CONCERNING A GREEN ECONOMY AND ENVIRONMENTAL PROTECTION.

SUMMARY

This bill requires the Department of Energy and Environmental Protection (DEEP), in consultation with other agencies, to solicit proposals from anaerobic digestion energy providers.

The bill allows DEEP to select projects for up to 10 megawatts (MW) of capacity in the aggregate and direct electric distribution companies (EDCs, i.e., Eversource and United Illuminating) to enter into power purchase agreements for up to 20 years for any combination of energy, capacity, and environmental attributes. Under the bill, agreements are subject to review by the Public Utilities Regulatory Authority (PURA); the EDCs' costs are recovered from a component on ratepayer bills; and net revenues are credited to customers through the same component.

The bill also requires the Office of Policy and Management secretary to (1) study the state's return on investment if the state's program to maximize energy use in state-owned and -leased buildings (i.e., Lead by Example) was fully implemented and (2) report the study results to the Energy and Technology Committee by January 1, 2020.

EFFECTIVE DATE: October 1, 2019, except the study requirement is effective upon passage.

ANAEROBIC DIGESTION PROCUREMENT

The bill requires the DEEP commissioner to consult with PURA's procurement manager, the Office of Consumer Counsel, and the Attorney General to solicit one or more proposals.

Any proposal the commissioner selects must be:

1. in ratepayers' interest, including the delivered price of sources;
2. consistent with the state's greenhouse gas reduction requirements; and
3. in accordance with the state's Comprehensive Energy Strategy's policy goals.

The bill allows EDCs to keep renewable energy credits (RECs) it receives through the procurement to meet the state's renewable portfolio requirements (see BACKGROUND) or sell them in the New England Power Pool Generation Information System market to electric suppliers or other EDCs. The bill requires EDCs to choose whether to keep or sell RECs based on the ratepayers' best interest.

The bill requires PURA to review power purchase agreements resulting from the procurement, beginning when the agreement is filed with PURA. If PURA does not issue a decision within 45 days after the filing, the agreement is deemed approved.

The bill requires EDCs to recover an agreement's net costs, including the EDC's costs under the agreement and its reasonable costs related to the agreement, on a timely basis through a fully reconciling component of electric rates from all its customers. Similarly, any net revenues from the sale of products purchased under an agreement must be credited to customers through the same fully reconciling rate component.

BACKGROUND

Renewable Portfolio Standard

By law, Connecticut's renewable portfolio standard (RPS) requires electric distribution companies and electric suppliers to get a portion of their energy from renewable sources. Companies fulfill their RPS requirements by procuring and settling RECs. A REC is created for every megawatt-hour (MWh) of electricity produced by a generator that meets certain qualifications.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 25 Nay 0 (03/19/2019)