



# House of Representatives

General Assembly

**File No. 385**

January Session, 2019

House Bill No. 5002

*House of Representatives, April 4, 2019*

The Committee on Energy and Technology reported through REP. ARCONTI of the 109th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING A GREEN ECONOMY AND ENVIRONMENTAL PROTECTION.***

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

1 Section 1. (NEW) (*Effective October 1, 2019*) (a) The Commissioner of  
2 Energy and Environmental Protection, in consultation with the  
3 procurement manager identified in subsection (l) of section 16-2 of the  
4 general statutes, the Office of Consumer Counsel and the Attorney  
5 General, shall solicit proposals, in one solicitation or multiple  
6 solicitations, from providers of energy derived from anaerobic  
7 digestion.

8 (b) If the commissioner finds such proposals to be in the interest of  
9 ratepayers, including, but not limited to, the delivered price of such  
10 sources, and consistent with the requirements to reduce greenhouse  
11 gas emissions in accordance with section 22a-200a of the general  
12 statutes, and in accordance with the policy goals outlined in the  
13 Comprehensive Energy Strategy, adopted pursuant to section 16a-3d  
14 of the general statutes, the commissioner may select proposals from

15 such resources that have a total nameplate capacity rating of not more  
16 than ten megawatts in the aggregate. The commissioner may, on behalf  
17 of all customers of electric distribution companies, direct the electric  
18 distribution companies to enter into power purchase agreements for  
19 energy, capacity and environmental attributes, or any combination  
20 thereof, for periods of not more than twenty years.

21 (c) Certificates issued by the New England Power Pool Generation  
22 Information System procured by an electric distribution company  
23 pursuant to this section may be: (1) Sold into the New England Power  
24 Pool Generation Information System renewable energy credit market  
25 to be used by any electric supplier or electric distribution company to  
26 meet the requirements of section 16-245a of the general statutes,  
27 provided the revenues from such sale are credited to electric  
28 distribution company customers as described in this section; or (2)  
29 retained by the electric distribution company to meet the requirements  
30 of section 16-245a of the general statutes. In considering whether to sell  
31 or retain such certificates, the company shall select the option that is in  
32 the best interest of such company's ratepayers.

33 (d) Any such agreement shall be subject to review and approval by  
34 the Public Utilities Regulatory Authority, which review shall  
35 commence upon the filing of the signed power purchase agreement  
36 with the authority. The authority shall issue a decision on such  
37 agreement not later than forty-five days after such filing. In the event  
38 the authority does not issue a decision within forty-five days after such  
39 agreement is filed with the authority, the agreement shall be deemed  
40 approved.

41 (e) The net costs of any such agreement, including costs incurred by  
42 the electric distribution company under the agreement and reasonable  
43 costs incurred by the electric distribution company in connection with  
44 the agreement, shall be recovered on a timely basis through a fully  
45 reconciling component of electric rates for all customers of the electric  
46 distribution company. Any net revenues from the sale of products  
47 purchased in accordance with long-term contracts entered into

48 pursuant to this section shall be credited to customers through the  
 49 same fully reconciling rate component for all customers of the  
 50 contracting electric distribution company.

51 Sec. 2. (NEW) (*Effective from passage*) (a) The Secretary of the Office  
 52 of Policy and Management shall conduct a study to determine what  
 53 the return on investment to the state would be if the provisions of  
 54 section 16a-37u of the general statutes were fully implemented. Such  
 55 study shall include the projected return on investment.

56 (b) On or before January 1, 2020, the Secretary of the Office of Policy  
 57 and Management, in accordance with section 11-4a of the general  
 58 statutes, shall report the results of the study conducted pursuant to  
 59 subsection (a) of this section to the joint standing committee of the  
 60 General Assembly having cognizance of matters relating to energy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	New section
Sec. 2	<i>from passage</i>	New section

**ET**            *Joint Favorable*

*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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 20 \$</b>	<b>FY 21 \$</b>
Policy & Mgmt., Off.	GF - Cost	Up to \$50,000	None

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill, which requires the Office of Policy and Management (OPM) conduct a study related to the Lead by Example program, results in a one-time cost to OPM of up to \$50,000 to hire a consultant.

The bill also requires the Department of Energy and Environmental Protection to solicit proposals from anaerobic digestion energy providers. This requirement results in no fiscal impact.

**The Out Years**

The associated fiscal impact is a one-time cost in FY 20.

**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)