



General Assembly

February Session, 2020

Raised Bill No. 5227

LCO No. 1646



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:
(ET)

**AN ACT CONCERNING DISTRIBUTED ENERGY RESOURCES
SYSTEM IMPROVEMENTS.**

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

1 Section 1. Section 16-244w of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2020*):

3 (a) Notwithstanding subsection (a) of section 16-244e, each electric
4 distribution company, as defined in section 16-1, shall submit a proposal
5 or proposals to the Department of Energy and Environmental Protection
6 for a pilot program to build, own or operate grid-side system
7 enhancements, including, but not limited to, energy storage systems, as
8 defined in section 16-1, for the purpose of demonstrating and
9 investigating how distributed energy resources, as defined in section 16-
10 1, can be reliably and efficiently integrated into the operation of the
11 electric distribution system in a manner that maximizes the value
12 provided to the electric grid, electric ratepayers and the public from
13 such resources. Such proposal shall complement and enhance the
14 programs, products and incentives available through the Connecticut
15 Green Bank and the Connecticut Energy Efficiency Fund, pursuant to

16 sections 16-244r, 16-244s and 16-244t, and other similar programs that
17 support the deployment of distributed energy resources.

18 (b) The department and the Public Utilities Regulatory Authority
19 shall evaluate such proposals and may approve such proposals if such
20 proposals demonstrate: (1) How grid-side system enhancements,
21 including, but not limited to, energy storage systems, can be reliably and
22 cost-effectively integrated into the electric distribution system; and (2)
23 that such proposals maximize the value provided to ratepayers. The
24 department and authority may perform the evaluation jointly or
25 concurrently. Any such proposal [that is approved by the department
26 shall be subject to review and approval by the Public Utilities
27 Regulatory Authority, and] shall be approved by the authority if the
28 authority concludes that investment in such grid-side system
29 enhancement is reasonable, prudent and provides value to ratepayers.

30 (A) For any joint evaluation performed pursuant to this section, the
31 department and authority shall conduct one proceeding and develop
32 one administrative evidentiary record. The department and authority
33 may issue one joint decision or determination. Notwithstanding section
34 16-9b, the commissioner shall not be a party or participant in the joint
35 evaluation proceeding.

36 (B) For any concurrent evaluation performed pursuant to this section,
37 the department and authority shall each conduct a proceeding and may
38 develop one administrative evidentiary record.

39 (c) Each electric distribution company may enter into joint ownership
40 agreements, partnerships or other contractual agreements for services
41 with private entities to carry out the provisions of this section. The costs
42 incurred by the electric distribution companies pursuant to this section
43 shall be recovered from all customers of the contracting electric
44 distribution company through a fully reconciling component of electric
45 rates for all customers of electric distribution companies, until the
46 electric distribution company's next rate case, at which time such costs
47 and investments shall be recoverable through base distribution rates.

48 (d) Not later than January 1, [2017] 2021, the department shall
49 evaluate such approved proposals pursuant to this section and submit
50 a report, in accordance with the provisions of section 11-4a, to the joint
51 standing committee of the General Assembly having cognizance of
52 matters relating to energy, regarding the performance, costs and
53 benefits associated with grid-side system enhancements, including, but
54 not limited to, energy storage systems procured pursuant to this section.

55 Sec. 2. (NEW) (*Effective October 1, 2020*) (a) For purposes of this
56 section, "anaerobic digestion facility" means a facility that obtained a
57 permit pursuant to section 22a-208a of the general statutes and produces
58 by-products that provide biogas derived from the decomposition of
59 farm-generated organic waste or source-separated organic material that
60 was processed through gas conditioning systems to remove impurities,
61 including, but not limited to, water, carbon dioxide and hydrogen
62 sulfide.

63 (b) The Commissioner of Energy and Environmental Protection, in
64 consultation with the Office of Consumer Counsel, the gas companies,
65 as defined in section 16-1 of the general statutes, and the Attorney
66 General, may solicit proposals, in one solicitation or multiple
67 solicitations, from anaerobic digestion facilities that will make biogas of
68 a quality suitable for injection, as determined by the department in
69 consultation with the gas companies, into the natural gas distribution
70 system in the state. The commissioner may select proposals from such
71 anaerobic digestion facilities that do not exceed by-product that is
72 generated by three hundred thousand tons of solid waste annually.

73 (c) In making a selection of such proposals, the commissioner shall
74 consider factors including, but not limited to, (1) whether the proposal
75 is in the best interest of natural gas ratepayers; (2) whether the proposal
76 promotes the policy goals outlined in the state-wide solid waste
77 management plan developed pursuant to section 22a-241a of the general
78 statutes; (3) any positive impacts on the state's economic development,
79 including any positive impacts on the state's agricultural industry; (4)
80 whether the proposal is consistent with the requirements to reduce

81 greenhouse gas emissions in accordance with section 22a-200a of the
82 general statutes; (5) the characteristics of a relevant facility that produces
83 renewable natural gas; and (6) whether the proposal promotes natural
84 gas distribution system benefits.

85 (d) The commissioner may direct the gas companies to enter into gas
86 purchase agreements for such by-products selected pursuant to this
87 section for periods of not more than twenty years on behalf of all
88 customers of the state's gas companies.

89 (e) Any gas purchase agreement entered into pursuant to this section
90 shall be subject to review and approval by the Public Utilities
91 Regulatory Authority. Such review shall be completed not later than one
92 hundred twenty days after the date such agreement is filed with the
93 authority. The authority shall review and approve such gas purchase
94 agreement if it meets the solicitation proposal criteria pursuant to this
95 section.

96 (f) (1) The net costs of any such gas purchase agreement, including
97 costs incurred by the gas companies under the gas purchase agreement
98 and reasonable costs incurred by the gas companies in connection with
99 the gas purchase agreement, shall be recovered from all customers of
100 such company through the purchased gas adjustment clause pursuant
101 to section 16-19b of the general statutes. Any net revenue from the sale
102 of products purchased in accordance with the gas purchase agreement
103 entered into pursuant to this section shall be credited to customers
104 through the same fully reconciling rate component for all customers of
105 the contracting gas company. Any net costs or net revenues, as
106 applicable, of any such gas purchase agreement shall be apportioned in
107 proportion to the revenues of each contracting gas company as reported
108 to the authority pursuant to section 16-49 of the general statutes for the
109 most recent fiscal year.

110 (2) The gas companies may seek to recover any prudently incurred
111 costs related to constructing, operating and maintaining the
112 infrastructure associated with the processing, interconnection or

113 distribution of by-products purchased under any such gas purchase
114 agreement, if such costs are identified and approved by the authority at
115 the time the authority approves any such gas purchase agreement, in
116 any existing rate tracking mechanism for the recovery of natural gas
117 infrastructure investments, or, if no mechanism currently exists, a newly
118 established rate tracking mechanism established by the authority.

119 (g) A gas company may elect to (1) use any renewable natural gas
120 procured under this section to meet the needs of its customers, or (2) sell
121 any such renewable natural gas into applicable markets or through
122 bilateral contracts with third parties with the net benefits or costs
123 reflected in the purchased gas adjustment clause pursuant to section 16-
124 19b of the general statutes.

125 (h) The commissioner may retain consultants to assist in
126 implementing this section, including, but not limited to, the evaluation
127 of proposals submitted pursuant to this section. All reasonable costs
128 associated with the commissioner's solicitation and review of proposals
129 pursuant to this section shall be recoverable through the same fully
130 reconciling rate component for all customers of the gas companies. Such
131 costs shall be recoverable even if the commissioner does not select any
132 solicitation proposals pursuant to this section.

133 (i) (1) Any dispute arising from a contract that is approved by the
134 authority pursuant to this section shall be brought to the authority. A
135 party may petition the authority for a declaratory ruling or make an
136 application for review pursuant to this subsection. Notwithstanding
137 subsection (a) of section 4-176 of the general statutes, the authority may
138 not on its own motion initiate a proceeding to review a contract entered
139 into pursuant to this subsection.

140 (2) The authority shall review any contract dispute brought pursuant
141 to subdivision (1) of this subsection. The authority shall decide any such
142 contract dispute by issuing a declaratory ruling or a final decision in a
143 contested case proceeding, and may order legal and equitable remedies.
144 Any party to the contract shall have the right to appeal to the Superior

145 Court from any such declaratory ruling or final decision issued
146 pursuant to this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2020</i>	16-244w
Sec. 2	<i>October 1, 2020</i>	New section

Statement of Purpose:

To authorize the Department of Energy and Environmental Protection and the Public Utilities Regulatory Authority to perform joint or concurrent evaluations of grid-side system enhancement proposals, and to provide the department authority to procure renewable natural gas from anaerobic digestion facilities for injection into the natural gas distribution system.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]