AN ACT CONCERNING NATURAL GAS INFRASTRUCTURE.

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

Section 1. (NEW) (Effective October 1, 2020) (a) For purposes of this section, "anaerobic digestion facility" means a facility that obtained a permit pursuant to section 22a-208a of the general statutes and produces by-products that provide biogas derived from the decomposition of farm-generated organic waste or source-separated organic material.

(b) The Commissioner of Energy and Environmental Protection, in consultation with the Office of Consumer Counsel, and the Attorney General, may solicit proposals, in one solicitation or multiple solicitations, from anaerobic digestion facilities that will make biogas of a quality suitable for injection into the natural gas distribution system in the state. The commissioner may select proposals from such anaerobic digestion facilities that do not exceed by-product that is generated by three hundred thousand tons of organic waste annually.

(c) In making a selection of such proposals, the commissioner shall consider factors including, but not limited to, (1) whether the proposal
is in the best interest of natural gas ratepayers; (2) whether the proposal
promotes the policy goals outlined in the state-wide solid waste
management plan developed pursuant to section 22a-241a of the general
statutes; (3) any positive impacts on the state's economic development,
including any positive impacts on the state's agricultural industry; (4)
whether the proposal is consistent with the requirements to reduce
greenhouse gas emissions in accordance with section 22a-200a of the
general statutes; (5) the characteristics of a relevant facility that produces
renewable natural gas, including whether the proposed gas
conditioning system or systems and the biogas complies with the
interconnection standards developed in accordance with section 18 of
public act 19-35; and (6) whether the proposal promotes natural gas
distribution system benefits.

(d) The commissioner may direct the gas companies, as defined in
section 16-1 of the general statutes, to enter into gas purchase
agreements for biogas suppliers selected pursuant to this section for
periods of not more than twenty years on behalf of all customers of the
state's gas companies.

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

(f) (1) The reasonable costs incurred by the gas companies in
negotiating and executing such gas purchase agreements and the net
costs for the supply of biogas under any such gas purchase agreement
shall be recovered from all customers of such company through the
purchased gas adjustment clause pursuant to section 16-19b of the
general statutes. Any net revenue from the sale of products purchased
in accordance with the gas purchase agreement entered into pursuant
to this section shall be credited to customers through the same fully
reconciling rate component for all customers of the contracting gas company. Any such net costs or net revenues, as applicable, of any such gas purchase agreement shall be apportioned in proportion to the revenues of each contracting gas company as reported to the authority pursuant to section 16-49 of the general statutes for the most recent fiscal year.

(2) The gas companies shall recover any costs incurred related to constructing, operating and maintaining the infrastructure arising from such gas purchase agreement from the biogas supplier through a contribution in aid of construction, or other provision, of the gas purchase agreement. Any incurred costs not recoverable from the biogas supplier shall be identified and approved by the authority at the time the authority approves any such gas purchase agreement. Such incurred costs shall be recovered in any existing rate tracking mechanism for the recovery of natural gas infrastructure investments, or, if no mechanism currently exists, a newly established rate tracking mechanism established by the authority.

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

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

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

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

Sec. 2. Section 16-34a of the general statutes is amended by adding subsections (c) and (d) as follows (Effective October 1, 2020):

(NEW) (c) On or before January 1, 2021, the Public Utilities Regulatory Authority shall reopen or initiate a docket for the sole purpose of evaluating whether a gas company should accelerate its existing schedule for the repair and replacement of aging infrastructure in order to mitigate, among other things, methane emissions and issue orders consistent with such evaluation. All costs a gas company prudently incurs to comply with any such order shall be timely recovered from all customers of such gas company through the existing Distribution Integrity Management Program cost recovery and reconciliation mechanisms, or through the successor program.

(NEW) (d) In reviewing the natural gas infrastructure expansion plan pursuant to subsection (c) of this section, in order to protect the interests of ratepayers and ensure revenue recovery for gas companies, and consistent with the recommendations of the Comprehensive Energy Strategy, the authority shall, in accordance with section 16-19oo, (1) establish a hurdle rate utilizing up to a twenty-five-year payback period to compare the revenue requirement of connecting new customers to the
gas distribution system to determine the level of new business capital expenditures that will be recoverable through rates, provided the authority shall develop a methodology that reasonably accounts for revenues that would be collected from new customers who signaled an intention to switch to natural gas over a period of at least three years within a common geographic location, (2) establish a new rate for new customers added pursuant to the natural gas infrastructure expansion plan to offset incremental costs of expanding natural gas infrastructure pursuant to such plan, (3) establish a rate mechanism for the gas companies to recover prudent investments made pursuant to the approved natural gas infrastructure expansion plan in a timely manner outside of a rate proceeding, provided such mechanism shall take into consideration the additional revenues that gas companies will generate through the implementation of such plan, and (4) notwithstanding the provisions of section 16-19b, effective for the period of the natural gas expansion plan, (A) assign at least half of the nonfirm margin credit to offset the rate base of the gas companies, and (B) assign the lesser of (i) an amount equal to half of the nonfirm margin credit, or (ii) an amount equal to fifteen million dollars from the nonfirm margin credit annually for all gas companies in the aggregate, apportioned to each gas company in proportion to revenues of the existing and new capacity contracted for by each gas company, to offset expansion costs, including, but not limited to, the costs of adding new state, municipal, commercial and industrial customers.

Sec. 3. (NEW) (Effective October 1, 2020) (a) On and after the effective date of each gas company's first rate case, in which a final decision is issued by the Public Utilities Regulatory Authority after July 1, 2021, for each new contract executed between a construction contractor and a gas company in which the construction contractor agrees to engage in the replacement of the gas company's natural gas distribution infrastructure within the state pursuant to the gas company's Distribution Integrity Management Program, as required pursuant to 49 CFR 192.1015 and as approved by the authority, the construction contractor shall pay not less than the prevailing rate of wage, as described in section 31-53 of the
general statutes, to individuals who perform construction activities with respect to such replacement.

(b) (1) Not later than fifteen months after the effective date described in subsection (a) of this section, each gas company shall file a report with the authority detailing the impact that the prevailing wage provisions of subsection (a) of this section have on:

(A) The cost of the replacement of gas companies' natural gas distribution infrastructure in the state;

(B) The forecasted or actual rates charged to customers of gas companies in the state;

(C) The number of qualified individuals available to perform the replacement of gas companies' natural gas distribution infrastructure in the state, including any shortage of the availability of such qualified individuals and any impact on the scheduling or timing for the performance of such replacement; and

(D) The quality, reliability and safety of the replacement of gas companies' natural gas distribution infrastructure in the state.

(2) Such report shall be based on data from the twelve-month period after the effective date described in subsection (a) of this section and shall include recommendations concerning whether the requirements in subsection (a) of this section that construction contractors pay not less than the prevailing rate of wage should be amended, and, if so, the report shall include a description of any such amendments.

Sec. 4. Subsection (d) of section 16a-3j of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2020):

(d) In any solicitation for natural gas resources issued pursuant to this subsection, the commissioner shall seek proposals for (1) [interstate natural gas transportation capacity, (2)] liquefied natural gas, [(3)] (2) liquefied natural gas storage, and [(4)] (3) natural gas storage, or a
combination of any such resources, provided such proposals provide incremental capacity, gas, or storage that has a firm delivery capability to transport natural gas to natural gas-fired generating facilities located in the control area of the regional independent system operator. Proposals under this subsection shall not have a contract term exceeding a period of twenty years.

Sec. 5. Subsections (g) and (h) of section 16a-3j of the general statutes are repealed and the following is substituted in lieu thereof (Effective October 1, 2020):

(g) If the commissioner finds proposals received pursuant to this section to be in the best interest of electric ratepayers, in accordance with the provisions of subsection (e) of this section, the commissioner may select any such proposal or proposals, provided the total capacity of the resources selected under all solicitations issued pursuant to this section in the aggregate do not exceed three hundred seventy-five million cubic feet per day of natural gas capacity, or the equivalent megawatts of electricity, electric demand reduction or combination thereof. Any proposals selected pursuant to subsections (b) and (c) of this section shall not, in the aggregate, exceed ten per cent of the load distributed by the state's electric distribution companies. The commissioner may, on behalf of all customers of electric distribution companies, direct the electric distribution companies to enter into long-term contracts for passive demand response measures, electricity, electric capacity, environmental attributes, energy storage, [interstate natural gas transportation capacity,] liquefied natural gas, liquefied natural gas storage, and natural gas storage, or any combination thereof, from proposals submitted pursuant to this section, provided the benefits of such contracts to customers of electric distribution companies outweigh the costs to such companies' customers.

(h) Any agreement entered into pursuant to this section 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
shall approve such agreement if it is cost effective and in the best interest of electric ratepayers. The authority shall issue a decision not later than ninety days after such filing. If the authority does not issue a decision within ninety 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 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 fully reconciling rate component for all customers of the contracting electric distribution company. For any contract for [interstate natural gas transportation capacity,] liquefied natural gas, liquefied natural gas storage or natural gas storage entered into pursuant to this section, the electric distribution company may contract with a gas supply manager to sell such [interstate natural gas transportation capacity,] liquefied natural gas, liquefied natural gas storage or natural gas storage, or a combination thereof, into the wholesale markets at the best available price in a manner that meets all applicable requirements pursuant to all applicable regulations of the Federal Energy Regulatory Commission.

This act shall take effect as follows and shall amend the following sections:

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<th>Section 1</th>
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<tr>
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<td>Sec. 5</td>
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**Statement of Purpose:**
To (1) allow the Commissioner of Energy and Environmental Protection to solicit proposals for the supply of biogas for injection into the natural gas distribution system in the state, (2) require the Public Utilities Regulatory Authority to reopen or initiate dockets for the sole purpose of evaluating whether a gas company should accelerate its existing
schedule for the repair and replacement of aging infrastructure, (3) allow the Public Utilities Regulatory Authority to set rates to protect the interests of ratepayers and ensure revenue recovery for gas companies, and (4) require construction contractors to pay not less than the prevailing rate of wage to individuals who perform construction activities with respect to the replacement of a gas company's natural gas distribution infrastructure.

[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.]