



General Assembly

January Session, 2021

***Raised Bill No. 6524***

LCO No. 3840



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:  
(ET)

***AN ACT CONCERNING THE SOLICITATION OF NEW FUEL CELL  
ELECTRICITY GENERATION PROJECTS.***

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

1 Section 1. Section 16-244y of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 [An electric distribution company may submit to the Public Utilities  
4 Regulatory Authority for approval one or more plans to acquire new  
5 fuel cell electricity generation that began operation on or after July 1,  
6 2017. Any such plan shall utilize a competitive process for the purpose  
7 of providing distribution system benefits, including, but not limited to,  
8 avoiding or deferring distribution capacity upgrades, and enhancing  
9 distribution system reliability, including, but not limited to, voltage or  
10 frequency improvements. Any such plan shall give preference to  
11 proposals that make efficient use of existing sites and supply  
12 infrastructure. In the event that the authority approves such plan, an  
13 electric distribution company may submit to the authority (1) one or  
14 more proposals to build, own and operate new fuel cell generation, (2)  
15 proposed power purchase agreements negotiated with persons to build,

16 own and operate new fuel cell generation, or (3) proposals to provide  
17 financial incentives for the installation of combined heat and power  
18 systems powered by fuel cells, provided any such incentives shall be  
19 consistent with the Comprehensive Energy Strategy pursuant to section  
20 16a-3d. The facilities acquired, built pursuant to said power purchase  
21 agreements and that receive said financial incentives under this section  
22 shall not exceed a total nameplate capacity rating of thirty megawatts in  
23 the aggregate. Any proposal submitted by an electric distribution  
24 company to build, own and operate a fuel cell shall include the electric  
25 distribution company's full projected costs and shall demonstrate to the  
26 authority that such facility is not supported in any form of cross  
27 subsidization by affiliated entities. The authority shall evaluate any  
28 proposal submitted pursuant to this section in a manner that is  
29 consistent with the principles of sections 16-19 and 16-19e and may  
30 approve one or more proposals if it finds that such proposal (A) was  
31 developed in a manner that is consistent with the acquisition plan  
32 approved by the authority, (B) serves the long-term interests of  
33 ratepayers, and (C) cost-effectively avoids or defers distribution system  
34 costs.]

35 (a) Each electric distribution company shall solicit proposals to  
36 acquire new fuel cell electricity generation projects that began operation  
37 on or after July 1, 2021. All such projects shall be selected utilizing a  
38 competitive process that gives preference to fuel cell electricity  
39 generation projects manufactured in the state and sited on brownfields,  
40 as defined in section 32-760, or landfills. On or before January 1, 2022,  
41 each electric distribution company shall submit the selected projects and  
42 associated tariffs to the Public Utilities Regulatory Authority for  
43 approval.

44 (b) On or before August 1, 2021, all electric distribution companies  
45 shall jointly file with the authority for approval a proposed tariff for use  
46 in the solicitation authorized in subsection (a) of this section. The  
47 facilities acquired under this section shall not exceed a total nameplate  
48 capacity rating of thirty megawatts in the aggregate apportioned among  
49 each electric distribution company in proportion to distribution load.

50 Any proposed projects submitted by an electric distribution company  
51 shall include the electric distribution company's full projected costs and  
52 shall demonstrate to the authority that such facility is not supported in  
53 any form of cross subsidization by affiliated entities, except that the  
54 costs associated with those benefits which the authority determines that  
55 a proposed fuel cell project confers on the natural gas system may be  
56 recovered from all gas customers through the purchased gas adjustment  
57 clause established pursuant to section 16-19b and such costs shall be  
58 apportioned relative to the revenues of each gas company as reported  
59 to the authority pursuant to section 16-49 for the most recent fiscal year.

60 (c) The authority may approve any such projects for the purpose of  
61 (1) providing commercial or industrial electric or gas customers with on-  
62 site generation that increases power quality or resilience, as defined in  
63 section 16-243y, provides back-up power or reduces energy costs for  
64 such customers, (2) providing emergency service facilities with back-up  
65 power, or (3) enhancing distribution system reliability, including, but  
66 not limited to, electric voltage or frequency improvements, support of  
67 microgrids or other measures that support electric or gas system  
68 resiliency. The authority shall evaluate any projects submitted pursuant  
69 to this section in a manner that is consistent with the provisions of  
70 sections 16-19 and 16-19e.

71 (d) The costs prudently incurred by an electric distribution company  
72 under this section shall be recovered from all customers of the electric  
73 distribution company through a fully reconciling component of electric  
74 rates for all customers of the electric distribution company, until the  
75 electric distribution company's next rate case, at which time any costs  
76 and investments for new fuel cell generation owned by the electric  
77 distribution company pursuant to [subdivision (1) of] this section [shall]  
78 may be recoverable through base distribution rates, as determined by  
79 the authority. Nothing in this section shall preclude the resale or other  
80 disposition of any energy products, capacity and associated  
81 environmental attributes purchased by the electric distribution  
82 company, [provided the electric distribution company shall net the cost  
83 of payments made to projects under any long-term contracts entered

84 into pursuant to subdivision (2) of this section against the proceeds of  
85 the sale of any energy products, capacity and environmental attributes  
86 and the difference thereof plus any net costs incurred pursuant to  
87 subdivision (3) of this section shall be credited or charged to distribution  
88 customers through a reconciling component of electric rates, as  
89 determined by the authority, that is nonbypassable when switching  
90 electric suppliers] if so ordered by the authority. The electric  
91 distribution company may use any energy products, capacity and  
92 environmental attributes produced by such facility to meet the needs of  
93 customers served pursuant to section 16-244c, and as determined by the  
94 authority. Notwithstanding the provisions of subdivision (1) of  
95 subsection (h) of section 16-244c, certificates issued by the New England  
96 Power Pool Generation Information System for any Class I renewable  
97 energy source acquired pursuant to this section may be retained by the  
98 electric distribution company to meet the requirements of section 16-  
99 245a, and as determined by the authority.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	16-244y

**Statement of Purpose:**

To expand the existing solicitation process for new fuel cell generation projects.

*[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.]*