

**Proposed Substitute
Bill No. 6409**

LCO No. 4279

**AN ACT CONCERNING THE SOLICITATION OF BIOGAS INJECTION
PROPOSALS FROM ANAEROBIC DIGESTION FACILITIES.**

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

1 Section 1. (NEW) (*Effective July 1, 2021*) (a) For purposes of this
2 section, "anaerobic digestion facility" means a facility that obtained a
3 permit pursuant to section 22a-208a of the general statutes and produces
4 by-products that provide biogas derived from the decomposition of
5 farm-generated organic waste or source-separated organic material.

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

14 (c) In making a selection of such proposals, the commissioner shall
15 consider factors including, but not limited to, (1) whether the proposal
16 is in the best interest of natural gas ratepayers; (2) whether the proposal
17 promotes the policy goals outlined in the state-wide solid waste
18 management plan developed pursuant to section 22a-241a of the general
19 statutes; (3) any positive impacts on the state's economic development,

20 including any positive impacts on the state's agricultural industry; (4)
21 whether the proposal is consistent with the requirements to reduce
22 greenhouse gas emissions in accordance with section 22a-200a of the
23 general statutes; (5) the characteristics of a relevant facility that produces
24 renewable natural gas, including whether the proposed gas
25 conditioning system or systems and the biogas complies with the
26 interconnection standards developed in accordance with section 18 of
27 public act 19-35; and (6) whether the proposal promotes natural gas
28 distribution system benefits.

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

34 (e) Any gas purchase agreement entered into pursuant to this section
35 shall be subject to review and approval by the Public Utilities
36 Regulatory Authority. Such review shall be completed not later than one
37 hundred twenty days after the date such agreement is filed with the
38 authority. The authority shall review and approve such gas purchase
39 agreement if it meets the solicitation proposal criteria pursuant to
40 subsection (b) of this section and are in the best interest of the
41 ratepayers.

42 (f) (1) The reasonable costs incurred by the gas companies in
43 negotiating and executing such gas purchase agreements and the net
44 costs for the supply of biogas under any such gas purchase agreement
45 shall be recovered from all customers of such company through the
46 purchased gas adjustment clause pursuant to section 16-19b of the
47 general statutes. Any net revenue from the sale of products purchased
48 in accordance with the gas purchase agreement entered into pursuant
49 to this section shall be credited to customers through the same fully
50 reconciling rate component for all customers of the contracting gas
51 company. Any such net costs or net revenues, as applicable, of any such

52 gas purchase agreement shall be apportioned in proportion to the
53 revenues of each contracting gas company as reported to the authority
54 pursuant to section 16-49 of the general statutes for the most recent fiscal
55 year.

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

67 (g) A gas company may elect to (1) use any renewable natural gas
68 procured under this section to meet the needs of its customers, or (2) sell
69 any such renewable natural gas into applicable markets or through
70 bilateral contracts with third parties with the net benefits or costs
71 reflected in the purchased gas adjustment clause pursuant to section 16-
72 19b of the general statutes.

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

81 (i) (1) Any dispute arising from a contract that is approved by the
82 authority pursuant to this section shall be brought to the authority. A
83 party may petition the authority for a declaratory ruling or make an

84 application for review pursuant to this subsection. Notwithstanding
85 subsection (a) of section 4-176 of the general statutes, the authority may
86 not on its own motion initiate a proceeding to review a contract entered
87 into pursuant to this subsection.

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

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2021</i>	New section
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