
OLR Bill Analysis

sHB 6851 (as amended by House "A")*

AN ACT IMPLEMENTING RECOMMENDATIONS OF THE HYDROGEN TASK FORCE.

SUMMARY

This bill requires the Department of Energy and Environmental Protection (DEEP) to develop and approve a hydrogen strategic plan, extends certain wage and workforce requirements to hydrogen projects, and requires DEEP to seek federal funding opportunities for projects that advance hydrogen in the state.

Existing law requires renewable energy project developers to meet certain wage and workforce requirements if their project meets certain criteria ("covered projects"). Beginning January 1, 2025, the bill extends these requirements to also apply to hydrogen projects, which are projects producing, processing, transporting, storing, or using hydrogen.

The bill requires the DEEP commissioner to seek opportunities for federal funding for projects or activities that advance hydrogen in the state. She must do this in consultation with the governor, the Office of Policy and Management secretary, and the Department of Economic and Community Development (DECD) commissioner. The bill requires the DECD commissioner to identify the state's share of projects or activities needed to meet federal matching requirements.

*House Amendment "A" removes provisions in the underlying bill (1) referencing "clean" hydrogen and requiring DEEP to adopt regulations defining it and (2) authorizing the DECD commissioner to transfer funds to DEEP for the state's share of federally funded hydrogen projects.

EFFECTIVE DATE: July 1, 2023, except a provision requiring DEEP

to seek federal funding is effective upon passage.

HYDROGEN STRATEGIC PLAN

The bill requires DEEP to develop and approve a hydrogen strategic plan by December 31, 2024. The plan must recommend policies, programs, and regulations to grow the state's hydrogen economy. These recommendations must be consistent with the:

1. state's greenhouse gas reduction goals;
2. approved Integrated Resource Plan, which is a plan DEEP develops every two years, in consultation with Eversource and United Illuminating, by reviewing the state's energy capacity and needs and developing a plan to procure various energy resources (CGS § 16-3a); and
3. Comprehensive Energy Strategy, which DEEP prepares every four years to guide the state's energy policy, among other things (CGS § 16a-3d).

The bill additionally requires the hydrogen strategic plan to encourage using hydrogen produced from renewable energy and prioritize applications for this hydrogen to aviation, maritime shipping, ferry transportation, heavy-duty trucking, and high-temperature industrial processes. The plan must also describe the current and projected cost differences between using hydrogen produced from renewable energy to power these sectors and processes and using fossil fuels to do it.

COVERED PROJECT REQUIREMENTS

Under the bill, hydrogen projects are "covered projects" subject to labor and workforce requirements under CGS § 31-53d. Among other things, these provisions require project developers to establish a workforce development program, which is a program that gives newly hired and existing employees the opportunity to develop skills that will enable them to qualify for higher paying jobs on a covered project (e.g., apprenticeship programs).

Contractors and subcontractors on a covered project must pay each construction employee on the project at least the wages and benefits that the state's prevailing wage law requires for the employee's corresponding job classification on a public works project. It subjects the contractors and subcontractors to the prevailing wage law's reporting and compliance requirements and its penalties and sanctions for violations (see BACKGROUND). Construction projects covered by a project labor agreement (PLA) are exempt from this requirement if the PLA meets certain other criteria.

Each operations, maintenance, and security employee employed in a building or facility built in a covered project must be paid at least the prevailing wage or the "standard wage" (see BACKGROUND), including benefits for the employee's corresponding job classification.

Developers must also submit sworn certifications to the labor commissioner from each contractor and subcontractor that it meets certain conditions, including, among other things, that it:

1. will not pay personnel employed on the project less than the applicable wage and fringe benefit rates for the appropriate classification,
2. will not misclassify employees as independent contractors, and
3. participates in apprenticeship training through certain state or federal apprenticeship programs.

Contractors and subcontractors are subject to debarment under the state's debarment law if a certification contains false, misleading, or materially inaccurate information. Developers who fail to take reasonable steps to ensure certifications are accurate and truthful are subject to other noncompliance penalties set in regulations.

For covered projects with a nameplate capacity of at least five megawatts, covered project developers must take all reasonable actions to ensure that a community benefits agreement is entered into with the appropriate community organizations representing community

residents where the project will be located. (A nameplate capacity is generally a measurement of an electricity generation or storage project's size. Certain hydrogen projects may not have nameplate capacities; presumably, these projects would not be subject to this provision.) A community benefits agreement details the project's contribution to the community and aspects that will mitigate the community's adverse conditions and create opportunities for local business, communities, and workers.

BACKGROUND

Prevailing Wage

The state's prevailing wage law requires employers on certain public works projects to pay their construction workers wages and benefits equal to those that are customary or prevailing for the same work, in the same occupation, in the same town. The requirement applies to new construction projects of \$1 million or more and renovation projects of \$100,000 or more (CGS § 31-53).

Standard Wage

The state's standard wage law generally requires private contractors who do building and property maintenance, property management, or food service work at state buildings to pay their employees wages and benefits determined by the labor commissioner. In general, an employee's standard wage equals the hourly wage and benefits received by the most employees doing the same type of work under a union contract, as long as the contract covers at least 500 employees in Hartford County. If there is no such contract, then the commissioner sets the hourly rate based on the Federal Register of Wage Determinations, plus a 30% surcharge for health and retirement benefits (CGS § 31-57f).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/14/2023)