OLR Bill Analysis

sSB 7 (File 338, as amended by Senate "A")*

AN ACT STRENGTHENING PROTECTIONS FOR CONNECTICUT'S CONSUMERS OF ENERGY.

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Excludes nuclear generating facilities from a Class I renewable energy source property tax exemption

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Requires petroleum product storage terminals and pipelines to submit certain information to the DEEP commissioner

§ 40 — GAS DETECTORS

Requires DAS, the Office of the State Building Inspector, and the Codes and Standards Committee to study and report on including gas detectors in the State Building Code

SUMMARY

This bill makes various changes in the energy laws governing electric, gas, and water utility regulation as described in the section-by-section analysis below.

*Senate Amendment "A" replaces the underlying bill and makes numerous changes. Specifically, it removes the underlying bill's provisions on the energy adjustment clause, executive compensation, and nonprofit energy assistance program funding. It also adds provisions on (1) Public Utilities Regulatory Authority (PURA) commissioners, (2) low-income rates for gas companies and water companies, (3) renewable energy program changes, (4) deadlines for certain CHP developments, (5) methane detectors, (6) infrastructure threats & security, (7) stray voltage, (8) the Matching Payment Program (MPP), (9) electric suppliers and hardship customers, (10) the Council for Advancing Nuclear Energy, (11) the nuclear construction

moratorium, (12) a DEEP study, (13) Class I renewables, (14) large-scale hydropower and the Class I RPS, and (15) petroleum storage and pipeline information.

EFFECTIVE DATE: Various, see below

§ 1 — RATE DECOUPLING

Gives PURA greater discretion in how it orders EDCs and gas companies to decouple their distribution revenue from their sales volume

The bill gives PURA greater discretion in ordering rate decoupling in any electric distribution company (EDC) (i.e., Eversource or United Illuminating) or gas company rate case that either has a final decision pending on October 1, 2023, or is started on or after that date. Current law requires PURA to order the companies to decouple their distribution revenues from their sales volumes and specifies how they must do so. For EDCs, it requires PURA to use a decoupling mechanism (e.g., a separate rate component on bills) that adjusts actual distribution revenues to allowed distribution revenues. And for gas companies, it requires a mechanism that does not remove the incentive to support natural gas expansion under the 2013 Comprehensive Energy Strategy.

The bill instead gives PURA the discretion to determine the decoupling mechanism and method used in decoupling orders, as guided by the state's Comprehensive Energy Strategy, Integrated Resources Plan, Conservation and Load Management Plan, and the Department of Energy and Environmental Protection's (DEEP) policies. It requires PURA, when making this determination, to consider factors that at least include whether the decoupling mechanism and methodology (1) is in ratepayers' best interest, (2) adequately accounts for distribution system service outages, and (3) adequately addresses the disincentive for utilities to engage in conservation and energy efficiency measures.

EFFECTIVE DATE: October 1, 2023

§§ 2 & 3 — PROHIBITED COST RECOVERY IN RATES

Prohibits PURA-regulated utility companies from recovering through their rates their costs for PURA rate proceedings, membership dues for business or trade associations,

lobbying, advertising, entertainment and gifts, and certain other expenses for company officers; requires larger utility companies to annually report an itemized list of related costs to PURA

Contested PURA Proceedings (§ 2)

Current law prohibits EDCs from recovering their costs for attending or participating in PURA's rate-making hearings. The bill broadens this prohibition to cover any PURA-regulated utility company with more than 75,000 customers, any rate proceeding before PURA, and the costs of preparing for or appealing them. Under the bill, these costs include fees for attorneys, expert witnesses, and consultants; the portion of employee salaries associated with attending, participating, preparing, or appealing the proceeding; and related costs PURA identifies.

EFFECTIVE DATE: Upon passage

Membership Dues, Lobbying Costs, and Ads (§ 3)

The bill prohibits any PURA-regulated utility company from recovering through their rates any direct or indirect costs associated with the following:

1. membership, dues, sponsorships, or contributions to a business or industry trade association, group, or tax-exempt related entity;

2. lobbying or legislative action, as defined in the state's code of ethics for lobbyists;

3. advertising, marketing, communications seeking to influence public opinion, or other PURA-identified related costs unless PURA or DEEP specifically approves or orders them (existing law, unchanged by the bill, generally prohibits EDCs and gas companies from rate recovery for the cost of their political, institutional, or promotional advertising (CGS § 16-19d)); and

4. (a) travel, lodging, or food and beverage expenses for the company's board of directors and officers or its parent company's board of directors and officers; (b) entertainment or gifts; (c) owned, leased, or chartered aircraft for the company's board of directors and officers or its parent company's board of directors

and officers; or (d) investor relations.

Itemized List of Costs. Starting by January 15, 2024, the bill requires each PURA-regulated utility company with more than 75,000 customers to annually report to PURA an itemized list of the costs associated with the activities described above for membership dues, lobbying costs, ads, and for contested proceedings (see § 2). The company cannot recover the costs associated with preparing the report through rates. The report must at least include the following:

1. any costs spent by the company's parent company or affiliates directly billed or allocated to the company;

2. the title, job description, and salary of any employees of the company who performed work associated with the activities described above, and the hours attributed to their work;

3. the title, job description, and salary of any employees of the parent company or affiliate who performed work associated with the activities described above, and the hours attributed to their work that were directly billed or allocated to the company;

4. an itemized list of the company's costs with all third-party vendors for any expenses associated with the activities described above, including unredacted billing amounts, billing dates, payees, and explanation of the expenditure in detail sufficient to describe the cost's purpose; and

5. any other itemized information PURA deems relevant.

EFFECTIVE DATE: Upon passage

§ 4 — SETTLEMENTS

Sets procedures and conditions for PURA to approve a settlement in a rate amendment proceeding, allows PURA to reject or modify a settlement provision that extends longer than an approved rate amendment, and limits the extent to which a settlement may be used to satisfy the law's requirement for companies to have a rate case at least once every four years

Current law requires PURA to encourage using proposed settlements to resolve contested cases and proceedings whenever it is appropriate.

The bill eliminates this requirement and instead allows PURA to adopt these proposed settlements when it is appropriate and consistent with certain statutory ratemaking principles.

The bill also sets procedural requirements for PURA to adopt a proposed settlement. It allows parties or intervenors to a contested proceeding to propose a settlement by filing a motion no later than three weeks before the scheduled issuance date for the proposed final decision in the proceeding. The parties proposing the settlement must give the proposed settlement to all parties and intervenors at least three days before filing the motion and include a request for the party or intervenor to provide a position on the proposal for reference in the motion.

The bill requires the motion for the settlement to include:

1. an analysis identifying (a) any rate component increases or decreases resulting from the proposal and (b) the causal relationship of particular rate component increases or decreases to provisions in the proposal, to the extent ascertainable, and

2. a statement of the positions of non-settling parties and intervenors on the proposed settlement, such as "support," "oppose," or "no position" if they complied with the request to provide the statement.

Under the bill, (1) pre-filed testimony must be submitted with the proposed settlement if it is submitted before the evidentiary record closes and (2) the proposed settlement's provisions must be supported by citations to the evidentiary record or other evidence that PURA may require.

The bill allows PURA to hold hearings and order briefs to be filed related to any proposed settlement.

Under the bill, if the term of any provision in a settlement of a proceeding to amend rates extends longer than the effective date of the rate amendment approved in the proceeding, then PURA may reject or

modify the provision. In addition, any rate amendment proceeding that is resolved by a settlement does not constitute a general rate hearing for the periodic review required by law for certain utility companies with at least 75,000 customers (i.e., it does not exempt these companies from the need to have a rate case at least once every four years) if the previous proceeding to amend rates was partially or fully resolved by a settlement.

EFFECTIVE DATE: Upon passage

§ 5 — ON-BILL RECONCILING MECHANISM FOR NEW ELECTRIC PLANT ADDITIONS

Prohibits PURA from reauthorizing Eversource's on-bill reconciling mechanism for new electric plant additions that was first authorized in 2018

The bill prohibits PURA from reauthorizing the on-bill reconciling mechanism for new electric plant additions that was first authorized in 2018 (i.e., Eversource's Electric System Improvements charge) in any (1) rate amendment proceeding started on or after July 1, 2023, or (2) pending rate amendment proceeding that has not had a final decision before that date, for customers of an EDC with a service area of at least 18 towns and cities (i.e., Eversource).

EFFECTIVE DATE: Upon passage

§ 6 — FACTORS IN REASONABLE RATE OF RETURN

Requires PURA to consider certain broad economic factors when determining an EDC's, gas company's, or PURA-regulated water company's reasonable rate of return

The bill requires PURA, in each EDC, gas company, or PURA-regulated water company rate amendment proceeding, to consider the following factors when determining a reasonable rate of return (generally, a factor in calculating the profit the company may make on providing services):

1. macroeconomic conditions when the proceeding is before PURA;

2. the company's compliance with state law and regulations, and PURA's and DEEP's decisions and policies;

3. the burden of the company's costs on residential ratepayers,

measured as a percentage of household income, under the current and proposed rates;

4. trends in the company's accrual of bad debt;

5. the rate impact on all residential and nonresidential customers; and

6. any other issue PURA finds relevant.

Existing law, unchanged by the bill, generally requires PURA to set rates that are sufficient, but no more than that, to allow the companies to cover their operating and capital costs and to attract needed capital and maintain their financial integrity, while giving appropriate protection to the relevant public interests (CGS § 16-19e).

The bill also removes a provision that requires PURA to analyze how a company providing reduced or free service to its employees affects its ratepayers.

EFFECTIVE DATE: Upon passage

§ 7 — PROPOSED RATE AMENDMENTS

Changes the information that must be included in customer notices about proposed rate amendments; extends the deadline for PURA to decide on a proposed rate amendment from utility companies that are not an EDC or gas company; requires a unanimous vote by PURA's commissioners to approve an application to reopen a rate proceeding under the rate amendment law; and lowers the threshold for PURA to hold a hearing on the need for an interim rate decrease

Notices

The law requires PURA-regulated utility companies to mail a notification about a proposed rate amendment to each customer who would be affected by it. Under current law, this notice must state whether the proposal, in the company's best estimate, would increase any rate or charge by at least 25%. The bill lowers the applicable amount of this increase to five percent and removes a provision that currently limits the notices to one form for each customer class.

Under the bill, if a company fails to provide adequate notice, then PURA must consider the effective filing date of the company's proposed

rate amendment to be the date that it provides adequate notice to customers, as PURA determines. Until that effective filing date, no days count toward PURA's deadline for a final decision on the proposal (see below).

PURA Deadline to Decide on Proposed Rate Changes

Under current law, PURA must decide on a proposed rate amendment (1) within 350 days of the proposed effective date for an EDC or gas company and (2) within 200 days of the proposed effective date for any other type of company. The bill changes the start of these deadlines to the proposal's effective filing date (conforming to current practice) and gives PURA 270 days, rather than 200 days, to decide on a proposed rate amendment from the companies that are not EDCs or gas companies. As under current law, if PURA does not decide by the deadline, the proposed rate change may become effective under certain conditions.

Reopening Rate Proceedings

The law allows a PURA-regulated utility company to reopen a rate proceeding under the rate amendment law if it applies to PURA and notifies its customers if the proposal would increase the company's revenue or any rate or charges by at least five percent. The bill additionally requires a unanimous vote by PURA's commissioners to reopen a rate proceeding under these circumstances.

Interim Rate Decrease Hearings

The law generally requires PURA to hold a hearing on the need for an interim rate decrease under certain conditions. Under current law, one condition that triggers this requirement is when a PURA-regulated company's return on equity exceeds its PURA-authorized return by at least one percentage point over a rolling 12-month period. The bill lowers this threshold to one-half of one percentage point.

Current law also triggers this hearing requirement if PURA finds that a company may be collecting rates that are higher than what is just, reasonable, and adequate. The bill broadens this requirement by also requiring a hearing if (1) a company's authorized rate of return is higher

than what is just, reasonable, and adequate and (2) PURA provides appropriate notice (instead of finding) that the rates or authorized rate of return are higher than what is just, reasonable, and adequate. As under the current law for hearings over a company's return on equity or rates, in a hearing over a company's rate of return, the company must show that its rate of return is directly beneficial to its customers.

EFFECTIVE DATE: Upon passage

§ 8 — FOUR-YEAR GENERAL RATE CASES

Brings certain water companies under the requirement for a general rate case at least once every four years and allows PURA to open these rate cases more frequently

For each EDC and gas company that has at least 75,000 customers, current law generally requires PURA to investigate and hold a hearing (i.e., "rate case") to review whether the company's rates and service meet certain criteria within four years after the company's previous general rate case. The bill (1) expands this requirement to also cover PURA-regulated water companies that have at least 75,000 customers and (2) specifies that PURA has discretion to initiate these rate cases at less than four-year intervals unless doing so violates the terms of a PURA final decision.

It allows gas companies, EDCs, and PURA-regulated water companies to recover their reasonable and prudently incurred costs from these proceedings if they demonstrate to PURA's satisfaction that they are not collecting rates, or do not have an authorized rate of return, that is higher than what is just, reasonable, and adequate, as determined by PURA.

EFFECTIVE DATE: Upon passage

§ 9 — MANAGEMENT AUDITS

Requires certain PURA-regulated water companies to have a complete management audit at least once every six years; makes certain costs related to the audit-related orders non-recoverable in rates

Existing law allows PURA to require a management audit for a utility company whenever it determines that it is necessary or desirable. Current law requires EDCs and gas companies that have at least 75,000

customers to have a complete management audit of their operations performed every six years. The bill expands this requirement to include PURA-regulated water companies that have at least 75,000 customers.

Under current law, PURA must recognize as a company's proper business expense any reasonable and proper costs and expenses for complying with an audit-related PURA order, which allows them to be recovered through the company's rates. The bill requires that these costs and expenses also be prudent as determined by PURA. It also specifies that any costs or expenses, as determined by PURA, that the company incurs to address or remediate an inefficient, improvident, unreasonable, negligent, or imprudent management or company practice identified during the management audit is not a prudent, reasonable, and proper cost or expense.

EFFECTIVE DATE: July 1, 2023

§ 10 — RETURN OF EDC OVEREARNINGS

Gives PURA greater discretion to determine how certain EDC overearnings are returned to customers

Under current law, PURA must require that any EDC funds that exceed the company's authorized return on equity be refunded to customers within one year after receipt if they are meant to offset future rate increases instead of a present rate decrease. The bill removes the one-year deadline and instead requires the refund to be at a time that PURA determines but no later than the end of the company's next rate case.

EFFECTIVE DATE: Upon passage

§ 11 — PURA STAYS OF ENFORCEMENT

Requires entities appealing a PURA civil penalty to provide the penalty amount in escrow or another surety before PURA stays enforcement; requires parties to meet certain standards to get other stays of enforcement from PURA

Under the bill, when PURA is ruling on an application for a stay filed by a party or intervenor in a proceeding, it may only stay enforcement of a civil penalty if the entity appealing the order, authorization, or decision that imposed the penalty provides an escrow deposit, bond, or

other surety that equals the penalty.

To obtain a stay of enforcement from PURA for any other PURA order, authorization, or decision, the bill requires the appealing entity to bear the burden of showing that (1) there is a strong likelihood that the appeal will succeed; (2) the appealing party will suffer substantial and irreparable harm without a stay; and (3) the stay will not harm the public interest. Under existing law, appeals of PURA orders or decisions are subject to the Uniform Administrative Procedure Act (UAPA). Under UAPA, an aggrieved party may apply for a stay to the agency, the court, or both. Applying for a stay with the agency does not preclude action by the court (CGS § 4-183(f)).

EFFECTIVE DATE: Upon passage

§ 12 — ACCIDENT REPORTING

Sets a hard deadline for reporting certain accidents to PURA; expands the information that must be included in certain monthly reports on minor accidents; and increases the maximum fines for failing to comply with the accident reporting requirements

Current law requires PURA-regulated utilities and electric suppliers, and entities involved in the transportation of gas, to notify PURA about certain accidents that involve personal injuries or public safety as soon as reasonably possible unless the accident is minor. The bill further requires this notice to occur within 12 hours after the accident and specifies that the notification must occur by contacting the PURA chairperson or her designee.

For minor accidents, the law requires the same entities to submit a monthly report to PURA. The bill requires EDCs to incorporate into this report information on the primary cause of all planned and unplanned electrical outages affecting at least 250 customers in the preceding month and indicate which of them were due to a power surge.

Penalties

The bill increases the maximum fine for failing to comply with the above accident reporting requirements from $500 to $1,000 per offense. It specifies that a violation of the provisions on reporting accidents, except minor accidents, constitutes a continued violation (with each day

deemed a separate offense) from the date the entity was supposed to notify PURA by phone or otherwise until the date that PURA receives the written notification. A violation of the provision on reporting minor accidents also constitutes a continued violation, but from the date the entity was supposed to notify PURA in writing until the date PURA receives the written notification.

If PURA orders restitution for a customer's equipment or property damaged in an accident, including a minor accident (as defined in PURA's regulations), then (1) the restitution must equal the equipment or property's replacement value and (2) the fines imposed do not limit or reduce the restitution. The bill prohibits EDCs from recovering these fines or restitution through their rates.

EFFECTIVE DATE: Upon passage

§ 13 — MONTHLY POWER OUTAGE REPORTING

Requires EDC power outage reports to be submitted monthly, rather than periodically, and specifies additional information that must be in them

Current law requires EDCs to indicate which power outages resulted from power surges in their periodic reports to PURA on power outages. The bill (1) requires these reports to be provided monthly under the minor accident reporting requirement (see § 12) and (2) specifies that they must also include information on the primary cause of all planned and unplanned outages that affected at least 250 customers in the preceding month.

EFFECTIVE DATE: Upon passage

§ 14 — EDC BILLING FORMAT

Requires EDCs to use four categories for charges in their bills (generation, local distribution, transmission, and system benefits and federally mandated congestion charges approved by PURA); allows PURA to modify these categories under certain conditions

The bill requires each EDC, starting by August 1, 2023, to use four categories as part of its standard billing format for all residential customers: one for electricity generation charges, one for local electricity distribution charges, one for electricity transmission charges, and one for system benefits and the subset of federally mandated congestion

charges approved by PURA. It also requires PURA to require that each EDC's standard billing format for residential customers identifies each charge and the corresponding category according to PURA's determinations.

Under current law, EDC bills (for any type of customer) must include the total amount owed by the customer, itemized to show (1) the electric generation services component if the customer gets generation service from the EDC; (2) the distribution charge, including taxes and the systems benefits charge; (3) the transmission rate; (4) the competitive transition assessment; (5) federally mandated congestion charges; and (6) the conservation and renewable energy charge. The bill instead requires the bills to include the total amount owed on each customer's bill, itemized using the four specified categories.

The bill allows PURA to modify these categories in the docket it must reopen every five years to examine the billing format if it finds that doing so would improve customers' understanding of their electric bill components or what costs are increasing their bills.

EFFECTIVE DATE: July 1, 2023

§ 15 — STAKEHOLDER GROUP COMPENSATION PROGRAM

Creates a program through which a stakeholder group in a PURA proceeding may have certain expenses paid by the company that is subject to the proceeding

The bill requires PURA, by January 15, 2024, to establish a program to award compensation to eligible stakeholder groups in proceedings before PURA. It limits this compensation to $100,000 per group; $300,000 for all groups in a proceeding; and $1.2 million for all groups in a calendar year.

Under the bill, "compensation" is a payment by a PURA-regulated utility company that is a party in the proceeding for all or part of the group's reasonable attorney's fees, expert witness fees, and other reasonable costs for preparing and participating in the proceeding. "Other reasonable costs" are a stakeholder group's reasonable out-of-pocket expenses directly related to its preparation for, or participation in, the proceeding that resulted in a substantial contribution (see below).

Applicable proceedings are any contested case, investigation, rulemaking or other formal proceeding before PURA, or an alternative dispute resolution ordered by PURA, about a PURA-regulated gas company, water company, pipeline company, EDC, or electric supplier.

Stakeholder Groups

Under the bill, a "stakeholder group" is a:

1. a group of persons designated as an intervenor or participant that jointly applies for a compensation award and represents the interests of more than one (a) residential utility customer living in an environmental justice community (see *Background*), (b) residential utility customer who is "hardship case" under the law for utility service shut-off protection, or (c) small business customer or

2. a Connecticut nonprofit organization authorized to represent (a) residential utility customers living in an environmental justice community, (b) hardship customers, or (c) small business customers.

A stakeholder group does not include any nonprofit or other organization whose principal interests are the welfare of (1) a PURA-regulated utility or its investors or employees or (2) any businesses or industries that receive utility service primarily to use in connection with manufacturing, selling, or distributing goods or services for profit. It also excludes any state agency that participates in PURA proceedings (e.g., DEEP, the Office of Consumer Counsel (OCC), or the attorney general).

A "small business customer" is a commercial or industrial electric customer with less than a 200 kilowatt peak load that (1) is independently owned and operated and (2) employs less than 250 full-time employees or has less than $5 million in gross annual sales.

Application Process

The bill requires a stakeholder group, either before or when it files its application, to serve a notice of intent to apply for an award of

compensation on every party, intervenor, and participant to the proceeding. PURA must determine appropriate procedures for accepting, taking comments on, and responding to the applications.

The bill allows PURA to require applicants to attend trainings sponsored or recommended by PURA or OCC as a condition for receiving an award. The trainings must be designed to support (1) public participation and understanding of PURA decisions and rulings and (2) general education and awareness about public service company regulation and operations. They must also include public resources that explain PURA's and OCC's role and function.

In preparing the application process and related trainings, the bill allows PURA and OCC to (1) retain consultants (a) to provide training in areas where staff expertise does not currently exist or (b) when needed to supplement existing staff expertise and (2) incur other reasonable costs related to stakeholder engagement and the program, so long as they total less than $1 million per year.

Applications. The bill requires applications to include the following:

1. a statement of the nature and extent, and the factual and legal basis, of the stakeholder's planned participation to the extent it is possible to describe it with reasonable specificity at the time;

2. a detailed budget of anticipated attorney and expert witness fees, and other preparation and participation costs; and

3. any other information PURA requires.

If participation will impose a significant financial hardship on the stakeholder group and it seeks advance payment of compensation to start, continue, or complete its participation in the proceeding, then the group must also include substantial evidence of the significant financial hardship in its application. Under the bill, "significant financial hardship" is when a stakeholder group shows that it cannot afford to pay the costs of effectively participating in the proceeding, including attorney and expert witness fees and other reasonable costs.

Compensation Decisions

The bill requires PURA, within 30 days after receiving an application, to decide whether the stakeholder group's participation is a substantial contribution. A "substantial contribution" is a stakeholder group's participation in a proceeding that, in PURA's judgement, may substantially help PURA make its decision, or part of it, because PURA may adopt (1) at least one of the group's factual or legal contentions or (2) a policy or procedural recommendation presented by the group. If PURA finds that the group's participation is a substantial contribution, then it must describe it and determine whether the group has a significant financial hardship.

Under the bill, if PURA finds a significant financial hardship, then it may direct the utility companies subject to the proceeding to pay all or part of the expected compensation, as determined by PURA, to the stakeholder group before the proceeding ends. This determination must consider the compensation paid to attorneys, expert witnesses, and others of comparable training and experience who offer similar services as those relevant to the groups' application for compensation. If the group stops participating in the proceeding without PURA's consent, PURA must recover all or part of any payments made to the group and refund them to the companies.

Each stakeholder group must return any unused compensation to PURA, which PURA must then refund to the companies that provided it. PURA must also require each stakeholder group to maintain an itemized record of all expenses incurred due to the proceeding. PURA may use this record to verify the group's financial hardship claim and whether any unused funds remain when the proceeding ends. If PURA determines that at least two stakeholder groups have substantially similar interests, it may require them to jointly apply to receive compensation.

The bill otherwise requires any compensation to be paid at the proceeding's end in a manner determined by PURA. The compensation must be paid by all relevant companies in proportion to their relative annual load, customers, or revenue, as determined by PURA.

Under the bill, if a stakeholder group delays or obstructs the orderly and timely fulfillment of PURA's duties, or attempts to do so, then PURA cannot award any compensation. Also, nothing in the bill's provisions on the program can construed as restricting, diminishing, or otherwise altering OCC's statutory powers.

Program Evaluation and Report

The bill requires PURA, by March 15, 2026, to issue a request for proposals to retain a consultant with program evaluation experience to conduct an independent evaluation of the program, including its performance, impact, and effectiveness. PURA must determine the criteria for evaluating proposals and the deadline for responding to them. It must evaluate the submitted bids and select the bidder to conduct the study by July 15, 2026.

By January 15, 2027, PURA's chairperson must report to the Energy and Technology Committee on the program's implementation from January 15, 2024, through July 15, 2026. The report must at least include:

1. a summary of the program's implementation, including the application process and the program's annual costs, with a breakdown of costs by type of stakeholder group expense;

2. an assessment of stakeholder groups' impact on proceedings and their outcomes;

3. the independent consultant's program evaluation; and

4. any recommendations for legislative changes to the program.

The report's summary must also include the number of (1) applicants received and (2) stakeholder groups that participated in proceedings, were awarded funding, and claimed financial hardship.

Background — Environmental Justice Community

By law, an "environmental justice community" is (1) any U.S. census block group, as determined by the most recent census, for which at least 30% of the population consists of low-income people who are not

institutionalized and have an income below 200% of the federal poverty level or (2) a distressed municipality (CGS § 22a-20a).

EFFECTIVE DATE: Upon passage

§ 16 — STANDARD SERVICE PROCUREMENT STUDY

Requires PURA to study the process for procuring power generation for standard service and supplier of last resort service

The bill requires PURA, by February 1, 2024, to submit a report to the Energy and Technology Committee on the procurement processes, policies, procedures, and timelines associated with procuring standard service and supplier of last resort service (i.e., the power generation services for those who do not receive service from a retail electric supplier). The study must at least include reviews of the following:

1. the EDCs' procurement policies for standard service;

2. municipal electric utilities' procedures for procuring electric generation services, including practices that EDCs could adopt to lower rates for ratepayers;

3. procurement practices of EDCs in other deregulated states, including practices that could result in lower rates for ratepayers; and

4. the economic and policy achievement relationship between (a) environmental attributes bought by EDCs through the grid-scale procurements and distributed generation programs and (b) compliance with the renewable portfolio standards.

EFFECTIVE DATE: Upon passage

§§ 17-20 — EDC CREDITS FOR OUTAGES AND COMPENSATION FOR LOST FOOD AND MEDICINE

Clarifies how PURA must determine when to require EDCs to give certain account credits and compensation to customers after an outage

The law generally requires an EDC to:

1. give its residential customers a $25 account credit for each day

that a distribution system service outage occurs for the customers for more than 96 consecutive hours after an emergency and

2. compensate each of its residential customers with $250, in total, for any food and medication that expires or spoils due to a service outage that lasts for more than 96 consecutive hours after an emergency.

The bill further specifies that PURA has discretion to determine when an emergency ends by reviewing (1) the time when the EDC could first deploy resources safely in its service territory, (2) the first of any official declarations about the end of the emergency, or (3) the expiration of any National Weather Service warning applicable to the service territory.

It also changes the types of emergencies subject to these requirements by (1) removing tsunamis, volcanic eruptions, and attacks by enemies of the United States from the types of emergencies covered by the provision; and (2) exempting emergencies that result in 70% or more of an EDC's customers experiencing an outage at the period of peak demand.

Waivers

Current law allows the EDCs, within 14 days after an emergency occurs, to petition PURA for a waiver from the requirements to provide account credits and compensation for lost food and medicine. The bill requires the waiver petitions to include information about line and restoration crew safety issues, rather than all employee safety issues, as current law requires.

EFFECTIVE DATE: October 1, 2023

§§ 21-23 & 36 — PURA COMMISSIONERS

Requires the governor to select PURA's chairperson, rather than letting the commissioners elect the chairperson; allows the chairperson to assign any matter before PURA to one or more utility commissioners, rather than to a panel of at least three commissioners; requires a vote by all PURA commissioners in any decision of a contested case assigned to one or more commissioners

The bill changes how PURA's chairperson is selected. It requires the governor, starting by June 30, 2023, and in each odd-numbered year

after that, to appoint the chairperson from among the commissioners. The chairperson then serves a two-year term, starting on July 1 of that year. Current law requires the commissioners to elect the chairperson from amongst themselves for a one-year term. As under existing law, the commissioners must elect a vice chairperson from amongst themselves.

Current law requires PURA to have five commissioners and establishes a schedule for the governor to appoint three of the five commissioners between July 1, 2019, and May 1, 2020. The bill removes this appointment schedule (in practice, there are currently only three PURA commissioners; additional appointments have not been made).

The bill allows the PURA chairperson to assign any matter before the authority to one or more utility commissioners, rather than to a panel of three or more utility commissioners as under current law, and gives the assigned commissioners the same powers that the panels currently have. The bill also requires that in any contested proceeding assigned to one or more PURA commissioners, any proposed final decision must be voted on by all of the PURA utility commissioners.

Lastly, the bill makes technical changes to replace references to PURA "members" with "utility commissioners."

EFFECTIVE DATE: Upon passage

Background — Related Bill

sSB 1063 (File 387), favorably reported by the Energy and Technology Committee, reduces, from five to three, the number of utility commissioners the governor must appoint to PURA and establishes term limits.

§ 24 — LOW-INCOME RATES FOR GAS AND WATER COMPANY CUSTOMERS

Requires PURA to determine whether to implement low-income rates for gas company and water company customers

The bill requires PURA to investigate and determine whether to implement low-income rates for each gas company and PURA-

regulated water company with more than 75,000 customers at each company's next general rate proceeding starting on or after October 1, 2023. Any low-income rates adopted in the proceeding must only apply to the rate plan that is the subject of the proceeding.

EFFECTIVE DATE: October 1, 2023

§ 25 — RENEWABLE ENERGY PROGRAM CHANGES

Makes changes to the state's NRES, SCEF, and RRES programs that, among other things, (1) allow EDCs to hold solicitations and seek approval for selected projects jointly or individually; (2) exempt state, municipal, and agricultural customers from the requirement for NRES projects to be located on the customer's own premises; and (3) allow PURA to modify SCEF capacity requirements and the definitions of low-income and moderate-income customers to align with federal requirements for renewable energy incentives

NRES Program

Under current law, the Non-Residential Energy Solutions (NRES) program generally allows non-residential EDC customers to participate in an annual EDC-conducted solicitation in which selected projects enter into a 20-year contract with the company for energy and related products (e.g., renewable energy credits (RECs)). To be eligible, a project must be a Class I renewable energy source that (1) uses anaerobic digestion or has low emissions (e.g., fuel cells) or (2) has zero emissions (e.g., solar facilities) (CGS § 16-244z(a)(2)(A) & (B)). The law sets a six-year schedule for the program, which is currently in its second year (i.e., 2022 was Year 1).

The bill requires the EDCs to hold these solicitations at least once each year instead of only holding one each year. It also (1) allows the EDCs to hold the solicitations and seek PURA's approval for selected projects jointly or individually and (2) makes various conforming changes.

In these solicitations, an eligible NRES project may choose to use either (1) a tariff for purchasing all energy and RECs on a cents-per-kWh basis or (2) a tariff for purchasing on a cents-per-kWh basis (a) any energy produced by the facility and not consumed in the PURA-established period of time and (b) all RECs generated by the facility. The bill specifies that this decision is also subject to any tariff terms, conditions, or other stipulations by PURA, including stipulations about

a facility's capacity rights.

By law, NRES projects must generally be sized so that they do not exceed the load (i.e., demand) at the customer's individual electric meter or at a set of electric meters if they are combined for billing purposes. Current law specifies that the customer's applicable load is from the EDC serving the customer, as determined by the EDC, but the bill instead specifies that the applicable load is determined by PURA. It also exempts state, municipal, and agricultural customers from the requirement for NRES projects to be located on the customer's own premises.

SCEF Program

Generally, a shared clean energy facility (SCEF) allows customers to subscribe for energy or RECs from a facility that is not on the customer's premises. Under current law for the SCEF program, eligible facilities are Class I renewable energy sources (e.g., wind or solar) served by Eversource or United Illuminating with at least two subscribers in the same utility service territory as the facility (CGS § 16-244z(a)(2)(C)). Eversource and United Illuminating do an annual solicitation using a competitive bidding procurement process and enter into 20-year contracts with selected projects. The law sets a six-year schedule for the program, which is currently in its fourth year (i.e., 2020 was Year 1).

The bill requires the EDCs to hold SCEF solicitations at least once each year instead of holding only one each year. It also (1) allows the EDCs to hold the solicitations and seek PURA's approval for selected projects jointly or individually and (2) makes various conforming changes (e.g., removing the requirement for a SCEF to be within the same EDC service territory as the individual billing meters for subscriptions).

Current law allows DEEP to require that no more than 50% of a SCEF's total capacity be sold to commercial customers. The bill lowers this cap to 40%.

Low- and Moderate-Income SCEF Customers. Existing law

reserves at least 20% of each SCEF's total capacity for low-income customers and at least 60% for low-income customers, moderate-income customers, and low-income service organizations.

By law, a low-income customer has income at or below 60% of state median income, and, under current law, a moderate-income customer has income from 60% to 100% of the area median income as defined by the federal Department of Housing and Urban Development. The bill changes the income range for moderate-income customers to 60% to 100% of the state median income.

The bill also authorizes PURA to modify these SCEF capacity requirements, and the definitions of low-income and moderate-income customers, for the limited purpose of aligning them with the requirements of any federal acts awarding renewable energy incentives.

RRES Program

Under current law for the Residential Renewable Energy Systems (RRES) program, EDCs must let customers choose to participate under either (1) a tariff for purchasing all energy and RECs on a cents-per-kWh basis or (2) a tariff for purchasing on a cents-per-kWh basis (a) any energy produced by the facility and not consumed in the PURA-established period of time and (b) all RECs generated by the facility. The bill specifies that this decision is also subject to any tariff terms, conditions, or other stipulations by PURA, including stipulations about a facility's capacity rights.

The RRES law requires that a participating generation project be sized to not exceed the load at the customer's electric meter from the EDC that serves the customer as determined by the EDC. The bill requires that this also be according to any PURA-established rules.

Other Provisions

Reference to Program Years. The law caps the aggregate total megawatts available to customers through the NRES and SCEF programs. Current law sets the cap at 85 MW in year one and increases it by up to an additional 160 MW annually in years two through six. (As

previously mentioned, because the NRES and SCEF programs did not start during the same year, NRES is currently in year two and SCEF is currently in year four.) The bill removes the references to years two through six and simply requires the cap to increase by 160 MW each year on and after January 1, 2023.

The law requires DEEP, in consultation with PURA, to determine whether the renewable energy tariff offerings are competitive compared to the cost of the technologies and report the results to the legislature. The bill requires this to occur by January 15, 2027, instead of at the beginning of year six of the procurements as current law requires.

Apportioning the Obligation to Purchase Energy and RECS. The bill also removes a requirement that the obligation to purchase energy and RECs be apportioned to the EDCs based on their respective distribution system loads; instead, it requires PURA to determine the apportionment.

EDC Cost Recovery. Current law requires an EDC's costs from the NRES, SCEF, and RRES programs to be recovered on a timely basis through a non-bypassable, fully reconciling component of the electric rates charged to all EDC customers. The bill specifies that these costs must also have been prudently and reasonably incurred by the EDC.

EFFECTIVE DATE: October 1, 2023

Background — Related Bill

sHB 6764 (File 315), favorably reported by the Energy and Technology Committee, expands the NRES program by increasing the megawatts available under the cap, allowing unused capacity to be reallocated to other programs, and changing low- and moderate-income provisions for the SCEF program.

§ 26 — DEADLINES FOR MEETING CERTAIN COMBINED HEAT & POWER DEVELOPMENT MILESTONES

Allows a certain CHP project to extend its deadlines for meeting development milestones under a PPA

Existing law, enacted in 2017, required an EDC to conduct a

procurement for electricity and RECs from a combined heat and power (CHP) system that was located in a distressed municipality with a population over 127,000 and met certain other criteria. The law allowed the EDC to enter into a power purchase agreement (PPA), subject to PURA's approval, to buy electricity and RECs for a term of up to 20 years from the thermal energy distribution company selected in the procurement.

The bill allows a thermal energy distribution company that entered into this PPA to extend the agreement's timeframes for completing significant milestones specified in the agreement for developing a CHP system under the agreement. The company may extend all of the timeframes for milestones that it has not yet completed by up to six-months, twice. These extensions are in addition to any extensions specified in the PPA. The bill requires the company, for each six-month extension, to post additional security as specified in the PPA.

EFFECTIVE DATE: Upon passage

§ 27 — PURA FINE REVENUE DIRECTED TO RESIDENTIAL METHANE DETECTORS

Allows PURA to direct revenue from certain fines to support the study, installation, and deployment of residential methane detectors

By law, entities regulated by PURA are penalized with certain fines, restitution, or a combination of both if they violate the applicable laws and regulations for public service companies or PURA's orders. The bill allows PURA to direct a portion of any fine levied against a person involved in the transportation of gas to support the study, installation, and deployment of residential methane detectors by one or more PURA-regulated utility companies, as determined by PURA.

By law, "transportation of gas" is the gathering, transmission, or distribution by pipeline, or storage, of natural gas, flammable gas, or toxic or corrosive gas. "Persons" are any individual, firm, joint venture, partnership, corporation, limited liability company, association, municipality, or cooperative association, including any of their trustees, receivers, assignees, or personal representatives (CGS § 16-280a).

EFFECTIVE DATE: Upon passage

§ 28 — REPORT ON INFRASTRUCTURE THREATS AND SECURITY

Requires PURA's chairperson to report on the activities of the joint federal-state task force on electric transmission's discussions about protecting transmission and distribution infrastructure

The bill requires PURA's chairperson, by February 1, 2024, to report to the Energy and Technology Committee on the activities of the joint federal-state task force on electric transmission. The report must include any discussions related to protecting transmission and distribution infrastructure from threats, excluding any information that the chairperson determines may compromise critical infrastructure security if disclosed publicly.

EFFECTIVE DATE: Upon passage

§ 29 — STRAY VOLTAGE PROCEEDING

Requires PURA to open a proceeding to examine stray voltage

The bill requires PURA, by January 1, 2024, to open a proceeding to examine stray voltage occurrences in the state and make recommendations for detecting, mitigating, and preventing stray voltage. (The bill does not specify a deadline or reporting requirement for the proceeding.) Under the bill, "stray voltage" is unwanted electrical leakage.

EFFECTIVE DATE: October 1, 2023

§§ 30 & 32 — MATCHING PAYMENT PROGRAM

Changes the Matching Payment Program's eligibility criteria and timeframe; gives PURA greater discretion over allowing gas and electric companies to recover their MPP costs; allows PURA to annually distribute up to $1 million to legal service entities that help people participate in utility company programs that assist customers with utility bill or arrearage payments

By law, when a residential customer's gas or electric service is subject to termination, the companies must give the customer an opportunity to enter into a reasonable amortization agreement to pay their delinquent account balance (arrearage) and avoid termination. The agreement must give the customers an adequate opportunity to apply for and receive benefits from any available energy assistance program

(CGS § 16-262c(b)(2)). Residential customers who meet certain criteria may also have their arrearages reduced with matching payments from the EDCs and gas companies.

The bill makes various changes to this Matching Payment Program (MPP). Among other things, it:

1. changes the program's eligibility criteria and timeframe for distributing matching payments;

2. removes a provision that explicitly allows the companies to recover their MPP costs through their rates;

3. gives PURA more time to approve the companies' MPP implementation plans; and

4. allows PURA's chairperson to annually distribute up to $1 million to entities providing legal services that help people participate in utility company programs that assist customers with utility bill or arrearage payments.

The bill also makes numerous minor, technical, and conforming changes (including § 32).

EFFECTIVE DATE: Upon passage

Eligibility Criteria

Under current law, an EDC or gas company customer using electricity or gas for heat qualifies for matching payments if he or she does the following:

1. applies and is eligible for benefits from the Connecticut Energy Assistance Program (CEAP) or a state-funded fuel assistance program;

2. authorizes the company to send a copy of the customer's monthly bill to an energy assistance agency for payment; and

3. enters into and complies with the amortization agreement that is

consistent with PURA's decisions and policies.

The bill additionally requires that a customer be eligible for the company's financial hardship programs. It also removes the requirements that customers (1) be using electricity or gas for heat, potentially allowing oil-heating customers to participate, and (2) apply for benefits from CEAP or another state-funded fuel assistance program, although they must still meet these programs' income eligibility requirements.

Matching Payments

The bill (1) restructures how companies must calculate the matching payments to reduce a customer's arrearage and (2) requires matching payments to be paid over twelve months, rather than in two six-month lump sums.

Current law requires a customer's MPP amortization agreement to reduce the customer's payment by the amount of benefits reasonably anticipated from CEAP or other state-funded energy or fuel assistance programs. Unless the customer requests otherwise, the company must budget the customer's payments over a 12-month period with an affordable increment applied to the arrearage, so long as it does not cause the customer to lose any energy assistance benefits. If the customer authorizes the company to send a copy of the monthly bill directly to the energy assistance agency, then the agency must make payments directly to the company.

The bill removes these provisions and instead requires that the customer's arrearage be reduced by an amount calculated as follows:

1. the customer's monthly payment under the amortization agreement, so long as the customer met the bill's revised eligibility requirements in the immediately preceding month, plus

2. any payment the customer receives from CEAP or another state-funded fuel or energy assistance program.

Current law generally requires the companies to distribute the matching payments twice each year, first after a participating customer meets the program's requirements from November 1 through April 30, and then again after the customer continues to meet the requirements from April 30 through October 31. The bill instead requires an MPP amortization agreement to distribute customer payments over a 12-month period, from November 1 through October 31. It also requires the agreement to create a monthly payment that is affordable to the customer and meets PURA's decisions and policies.

Company Cost Recovery in Rates

The bill removes provisions in current law that (1) explicitly allow EDCs and gas companies to recover the matching payments they deducted from customers' accounts by including them as operating expenses in their rates and (2) prohibit the companies from recovering in their rates any amounts that PURA approved as an uncollectible expense. (Presumably, this will give PURA greater discretion to decide what costs may be recovered by the companies.) Current law allows PURA to deny all or part of the recovery required by the MPP law. The bill instead allows PURA to do this for the costs incurred under the MPP law.

Implementation Plans

The law requires the EDCs and gas companies to annually submit an implementation plan to PURA with information about amortization agreements, counseling, eligibility reinstatement, rate impacts, and other information that PURA considers relevant. The bill requires the companies to submit the annual plans a month earlier, by June 1 rather than July 1. It also (1) gives PURA more time to approve or modify the plans, 127 days after receiving them instead of 90 days, and (2) removes a requirement for PURA to do so in consultation with the Office of Policy and Management. As under current law, if PURA does not act on a plan by the deadline, it automatically takes effect unless PURA grants an additional 30-day extension by notifying the company before the deadline.

The bill also removes a provision in current law that explicitly allows

PURA to require gas companies to expand the MPP to all hardship customers.

Other Amortization Agreements and Regulations

The bill allows PURA to find that a reasonable amortization agreement, other than an MPP amortization agreement, covers up to a 36-month period unless PURA determines that a longer period is warranted. It also requires PURA, by October 1, 2024, to amend the regulations on reasonable amortization agreements, hardship case determination, and the MPP to carry out the provisions of the related law, as amended by the bill.

Funding for Related Legal Services

The bill allows PURA's chairperson to annually distribute up to $1 million in total to organizations or individuals providing legal services with the express purpose of attaining participation in public service company programs designed to assist customers with utility bill or arrearage payments, including negotiating a reasonable MPP amortization agreement. Any of these distributed funds must be paid by all public service companies in proportion to their annual load, amount of services provided to end use customers, or revenue, as determined by PURA.

Background — Related Bill

sHB 6724 (File 29), reported favorably by the Energy and Technology Committee, makes substantially similar changes related to the MPP program and funding for related legal services.

§ 31 — RETAIL ELECTRIC SUPPLIERS AND HARDSHIP CUSTOMERS

Allows hardship customers and others protected from electric service shutoffs to contract with a retail electric supplier, so long as the contract is for no more than the standard service rate

Current law allows PURA to review the feasibility of moving certain types of retail electric supplier customers to standard service (the EDC-provided electric supply service for residential customers who do not purchase electricity through a third-party retail supplier), and to order, among other things, that the customers be placed on standard service.

The covered customers are (1) hardship cases (see *Background—Hardship Customers*), (2) customers participating in the MPP, (3) customers receiving other financial assistance from their EDC, and (4) customers who the law otherwise protects from electric service shutoffs.

(In 2019, PURA exercised this authority and ordered the EDCs to (1) switch hardship cases to standard service and (2) update their systems to prevent hardship customers from enrolling with a supplier.)

The bill removes PURA's authority to perform this review and issue the related orders. Starting on January 1, 2024, it instead allows these customers to enroll with an electric supplier if the contracts with the suppliers for rates effective on or after January 1, 2024, are at or below the standard service rate for the duration of the contract. Under the bill, any billing systems costs that an EDC incurs to comply with this provision must be recoverable from all licensed electric suppliers.

The bill also allows PURA to open a proceeding to order all customer contracts with electric suppliers entered into on and after a determined date to comply with appropriate limitations that PURA considers necessary. If PURA issues this order, it must reopen the proceeding at least every two years.

EFFECTIVE DATE: Upon passage

Background — Hardship Customers

By law, hardship cases include customers who meet any of the following criteria:

1. receive local, state, or federal public assistance;

2. have Social Security, U.S. Department of Veterans Affairs, or unemployment compensation benefits as their sole source of financial support;

3. are unemployed heads of households with household incomes less than 300% of the federal poverty limit (FPL);

4. are seriously ill or have seriously ill household members;

5. have income under 125% FPL; or

6. face deprivation of food and necessities of life for themselves or their dependent children if payment of a delinquent bill is required (CGS § 16-262c(b)(3)).

Background — Related Bill

sHB 6724 (File 29), reported favorably by the Energy and Technology Committee, makes substantially similar changes to allow hardship cases to enroll with retail electric suppliers.

§ 33 — CONNECTICUT COUNCIL FOR ADVANCING NUCLEAR ENERGY DEVELOPMENT

Creates the council to, among other things, plan for the advancement of nuclear energy in the state

The bill creates the Connecticut Council for Advancing Nuclear Energy Development as an independent body within the Legislative Department for administrative purposes only. The council must meet at least four times a year to discuss and plan for the advancement of nuclear energy in the state.

Starting by February 1, 2024, the council must annually submit a report to the Energy and Technology Committee on advancements occurring in nuclear energy development. The report may include recommendations on the following topics:

1. opportunities for regional partnerships related to nuclear energy development, expansion, and research;

2. opportunities for state agencies to collaborate with federal agencies, higher education institutions, businesses, nonprofits, and other stakeholders to organize the state's resources related to nuclear energy; and

3. other ways to promote nuclear energy development, expansion, and research.

The council's members include the Energy and Technology Committee's chairpersons and ranking members, the DEEP

commissioner, and the consumer counsel, or any of their designees. It also includes 12 members with certain qualifications who are appointed by the legislative leaders as shown in the table below.

Table: Council for Advancing Nuclear Energy Development Appointed Members

Appointing Authority	***Appointee Qualifications***
House speaker	One representative of a nuclear power generating facility in the state One representative of an environmental protection advocacy organization
Senate president pro tempore	One representative of the U.S. Naval Submarine Base-New London One representative of an environmental protection advocacy organization
House majority leader	One representative of a nuclear submarine manufacturer One representative of a statewide organization of municipal leaders
House minority leader	One representative of a Connecticut firm that provides nuclear engineering services One workforce development expert
Senate majority leader	One representative of a Connecticut higher education institution One spent nuclear fuel storage expert
Senate minority leader	One representative of a Connecticut higher education institution One with expertise in the supply chain of the state's nuclear industry

The bill requires all initial appointments to be made within 30 days after the bill passes. Vacancies must be filled by the appointing authority. The council's members must select a chairperson from among themselves, but until then, the House speaker and Senate president pro tempore must select an acting chairperson from among the council's members. The acting chairperson must schedule and hold the council's

first meeting within 60 days after the bill's enactment.

EFFECTIVE DATE: Upon passage

Background — Related Bill

sSB 1099 (File 254), favorably reported by the Energy and Technology Committee, establishes a 10-member Connecticut Nuclear Energy Advisory Council with similar duties.

§ 34 — NUCLEAR CONSTRUCTION MORATORIUM

Specifies that the exemption to the state's moratorium on building new nuclear power facilities applies to construction at a nuclear power facility (not the facility itself)

Current law exempts any nuclear power generating facility currently operating in the state (i.e., the Millstone Power Station in Waterford) from the state's moratorium on building new nuclear power facilities. The bill specifies that this exemption applies to construction at the facility.

Generally, the moratorium prohibits construction from starting on a new nuclear power facility unless and until the Department of Energy and Environmental Protection commissioner finds that the federal government has identified and approved a demonstrable technology or means to dispose high level nuclear waste.

EFFECTIVE DATE: October 1, 2023

§ 35 — DEEP STUDY

Requires DEEP to study (1) the feasibility of deploying small modular reactors, advanced nuclear reactors, fusion energy facilities, and other zero carbon resources; (2) the process for and best practices for certain power purchase agreements; and (3) the capability of state's gas supply system

The bill requires DEEP, within available resources, to conduct a study that:

1. evaluates the feasibility of deploying small modular reactors, advanced nuclear reactors, fusion energy facilities, and other zero carbon resources that can improve affordability, fuel security, renewable integration, and winter reliability within the New England regional electric grid;

2. reviews the process for power purchase agreements procured under a state solicitation or under the state's renewable energy programs and identifies best practices to ensure reliability in associated energy markets, reasonably reduce costs to ratepayers, and promote conservation; and

3. reviews the state's gas supply system and evaluates whether current supply and capacity can meet the energy needs of residences and power plants in the state.

In conducting the study, DEEP must consult the state's Nuclear Energy Advisory Council.

The bill requires DEEP to submit a progress report and any relevant recommendations to the Energy and Technology Committee by January 15, 2024. It must then submit its full report on its findings and recommendations to the committee by March 15, 2024.

EFFECTIVE DATE: July 1, 2023

§ 36 — CLASS I RENEWABLE ENERGY SOURCES

Expands Class I renewables by (1) including nuclear generating facilities built after October 1, 2023, and (2) increasing the maximum capacity of certain eligible run-of-the-river hydropower facilities from 30MW to 60MW

The bill expands the types of energy sources considered "Class I renewable energy sources" to include a nuclear power generating facility built after October 1, 2023. (Current law generally prohibits construction from starting on a new nuclear power facility until the DEEP commissioner finds that the federal government has identified and approved a demonstrable technology or means to dispose high level nuclear waste; however, it allows this construction at any nuclear power generating facility currently operating in the state (see § 34).)

The bill also expands the types of run-of-the-river hydropower facilities that are considered Class I, generally by increasing the cap on their generating capacity and removing certain criteria related to when the facility was licensed. Current law classifies a run-of-the-river hydropower facility as Class I if it (1) began operating after July 1, 2003,

and has a generating capacity of no more than 30 megawatts (MW) or (2) received a new license after January 1, 2018, under the Federal Energy Regulatory Commission's rules for the takeover and relicensing of licensed water power projects (18 C.F.R. § 16).

The bill instead classifies a run-of-the-river hydropower facility as Class I if it meets either of the following criteria:

1. began operating after July 1, 2003, and has a generating capacity of no more than 60 MW or

2. received a new license after the bill's passage under the Federal Energy Regulatory Commission's rules for the takeover and relicensing of licensed water power projects (18 C.F.R. § 16).

Additionally, under current law, if these facilities apply for Class I certification after January 1, 2013, they must (1) not be based on a new dam or a dam identified by the DEEP commissioner as a candidate for removal and (2) meet applicable state and federal requirements, including applicable site-specific standards for water quality and fish passage. The bill maintains these requirements for the Class I run-of-the-river hydropower facilities described above, but it applies them regardless of when a facility applied for Class I certification.

By classifying these nuclear and hydropower facilities as Class I, the bill generally allows EDCs and electric suppliers to use the energy and renewable energy credits (RECs) generated by these technologies to meet their Class I requirements under the state's renewable portfolio standards (RPS) law (CGS § 16-245a). It also allows these facilities to (1) participate in certain power administered by DEEP (e.g., CGS §§ 16a-3f, -3g, -3h, -3i), (2) qualify for certain property tax exemptions (CGS § 12-81(57)), and (3) when applicable, be exempt from municipal building permit fees (CGS § 29-263). (Section 38 of the bill exempts nuclear facilities from the Class I property tax exemption.)

EFFECTIVE DATE: Upon passage

§ 37 — LARGE-SCALE HYDROPOWER AND THE CLASS I RPS

Increases the portion of the Class I RPS requirement that may be met with large-scale hydropower, under certain limited circumstances, from one percentage point to 2.5 percentage points

The state's RPS law generally requires EDCs and retail electric suppliers to obtain specific percentages of their power from (1) Class I resources (e.g., wind and solar); (2) Class II resources (i.e., trash-to-energy facilities); and (3) Class III resources (e.g., certain combined heat and power systems). They generally meet their obligations by buying RECs on the regional market, which can be sold separately from the power generated by these resources.

Under existing law, if certain specified conditions indicate that there are insufficient Class I renewable energy sources to meet the RPS requirement, then the DEEP commissioner may allow large-scale hydropower procured under DEEP's statutory procurement power to satisfy a certain portion of the RPS requirement. Current law limits this portion to one percentage point of the Class I requirement; the bill increases this to 2.5 percentage points of the Class I requirement. It also makes a conforming change to correspondingly reduce the requirement for the EDCs and suppliers.

Under current law, the commissioner cannot, under these circumstances, allow a total of more than five percentage points of the Class I RPS requirement to be met with large-scale hydropower by December 31, 2020. The bill eliminates the sunset date for this cap and instead prohibits the commissioner from allowing a total of more than five percentage points of the Class I RPS requirement to be met with large-scale hydropower on and after October 1, 2023.

EFFECTIVE DATE: October 1, 2023

§ 38 — CLASS I RENEWABLE ENERGY SOURCE PROPERTY TAX EXEMPTION

Excludes nuclear generating facilities from a Class I renewable energy source property tax exemption

Current law exempts Class I renewable energy sources from property taxes if they meet certain criteria (e.g., they were installed on or after January 1, 2014, for commercial or industrial purposes, and do not have

a generating capacity that exceeds the location's demand). The bill excludes nuclear power generating facilities (which the bill includes in Class I (see § 36)) from this property tax exemption.

EFFECTIVE DATE: October 1, 2023

§ 39 — PETROLEUM STORAGE & PIPELINE INFORMATION

Requires petroleum product storage terminals and pipelines to submit certain information to the DEEP commissioner

The bill requires any person engaged in the business of operating a petroleum product storage terminal or petroleum product pipeline in the state, by October 1, 2023, to notify the DEEP commissioner about information pertaining to the identity and storage or flow capacity of their terminal or pipeline. The notification must be in writing and in a form set by the commissioner.

If actual stocks of any petroleum product throughout the regional petroleum administration subdistrict fall below the most recent five-year average as reported by the U.S. Energy Information Administration, then the bill allows the DEEP commissioner to require any person engaged in the business of operating a petroleum product storage terminal or petroleum product pipeline in the state to report information pertaining to their terminal's or pipeline's actual petroleum products inventory or flow. The report must be on forms set by the commissioner and submitted within 15 days after the commissioner's request.

The bill exempts any of the above information submitted to the commissioner from disclosure under the state's Freedom of Information Act.

Under the bill, the "regional petroleum administration subdistrict" is the Petroleum Administration for Defense District 1A, or a successor subdistrict used by the U.S. Department of Energy to track petroleum products that includes Connecticut (the current Petroleum Administration for Defense District 1A covers the six New England states).

EFFECTIVE DATE: Upon passage

Background — Related Bill

SB 1171 (File 395), reported favorably by the Energy and Technology Committee, requires the DEEP commissioner to study the adoption of hedging strategies to mitigate the risk of a petroleum shortage in the state.

§ 40 — GAS DETECTORS

Requires DAS, the Office of the State Building Inspector, and the Codes and Standards Committee to study and report on including gas detectors in the State Building Code

The bill requires DAS, the Office of the State Building Inspector, and the Codes and Standards Committee, by December 31, 2023, to study and jointly submit a report to the Public Safety Committee on including gas detectors in the State Building Code. The report must at least include the following:

1. the anticipated feasibility of requiring gas detectors in all buildings that use natural gas or propane gas,
2. recommendations for future legislative changes,
3. the current availability of gas detectors that meet the National Fire Protection Association's standards,
4. a recommended code alignment process to accommodate any changes, and
5. the fiscal impact on the state or owner of public buildings.

EFFECTIVE DATE: July 1, 2023

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 16 Nay 4 (03/14/2023)

Appropriations Committee

Joint Favorable
Yea 41 Nay 12 (05/08/2023)