

**AN ACT CONCERNING ENERGY PROCUREMENTS.**

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

1 Section 1. Section 16a-3m of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) For the purposes of this section:

4 (1) "Best interest of ratepayers" means the benefits of a contract or  
5 proposal outweigh the costs to electric ratepayers, based on whether the  
6 delivered prices of sources included in such contract or proposal are less  
7 than the forecasted price of energy and capacity, as determined by the  
8 commissioner or the commissioner's designee, and based on a  
9 consideration of the following factors, as determined by the  
10 commissioner or the commissioner's designee: (A) Impacts on electric  
11 system operations and reliability; (B) the extent to which such contract  
12 or proposal will contribute to (i) the local sourcing requirement set by  
13 the regional independent system operator, as defined in section 16-1,  
14 and (ii) meeting the requirements to reduce greenhouse gas emissions  
15 and improve air quality in accordance with sections 16-245a, 22a-174  
16 and 22a-200a; (C) fuel diversity; and (D) whether the proposal is aligned  
17 with the policy goals outlined in the Integrated Resources Plan  
18 developed pursuant to section 16a-3a and the Comprehensive Energy  
19 Strategy developed pursuant to section 16a-3d, including, but not  
20 limited to, environmental impacts; and

21 (2) "Eligible nuclear power generating facility" means a nuclear

22 power generating facility that is located in the control area of the  
23 regional independent system operator, as defined in section 16-1, and is  
24 licensed to operate through January 1, 2030, or later.

25 (b) The Commissioner of Energy and Environmental Protection and  
26 the Public Utilities Regulatory Authority shall (1) conduct an appraisal  
27 regarding nuclear power generating facilities in accordance with  
28 subsection (c) of this section, and (2) determine whether a solicitation  
29 process for nuclear power generating facilities shall be conducted  
30 pursuant to subsection (d) of this section. On or before February 1, 2018,  
31 the commissioner and the authority shall report, in accordance with  
32 section 11-4a, the results of the appraisal and the selection conducted  
33 pursuant to subsection (d) of this section to the General Assembly. If the  
34 General Assembly does not reject such results by a simple majority vote  
35 in each house on or before March 1, 2018, such results shall be deemed  
36 approved.

37 (c) The appraisal conducted pursuant to subdivision (1) of subsection  
38 (b) of this section shall assess: (1) The current economic condition of  
39 nuclear generating facilities located in the control area of the regional  
40 independent system operator, as defined in section 16-1; (2) the  
41 projected economic condition of nuclear power generating facilities  
42 located in the control area of the regional independent system operator,  
43 as defined in section 16-1; (3) the impact on the following considerations  
44 if such nuclear power generating facilities retire before July 1, 2027: (A)  
45 Electric markets, fuel diversity, energy security and grid reliability, (B)  
46 the state's greenhouse gas emissions mandated levels established  
47 pursuant to section 22a-200a, and (C) the state, regional and local  
48 economy.

49 (d) After completing the appraisal, if the results of such appraisal  
50 demonstrate that action is necessary, the commissioner shall act and  
51 may issue one or more solicitations, in consultation with the  
52 procurement manager identified in subsection (l) of section 16-2 and the  
53 Office of Consumer Counsel established in section 16-2a, for zero-

54 carbon electricity generating resources, including, but not limited to,  
55 eligible nuclear power generation facilities, hydropower, Class I  
56 renewable energy sources, as defined in section 16-1, and energy storage  
57 systems, provided (1) the total annual energy output of any proposals  
58 selected, in the aggregate, shall be not more than twelve million  
59 megawatt hours of electricity, (2) any agreement entered into pursuant  
60 to this subdivision with an eligible nuclear power generation facility or  
61 hydropower shall be for a period of not less than three years and not  
62 more than ten years, and (3) any agreement entered into pursuant to this  
63 subdivision with Class I renewable energy sources, as defined in section  
64 16-1, and energy storage systems shall be for a period of not more than  
65 twenty years. On or before May 1, 2018, if the results of such appraisal  
66 demonstrate that one or more solicitations pursuant to this subsection  
67 are necessary, the commissioner shall initiate such solicitation process  
68 pursuant to this subsection, in accordance with subsection (e) of this  
69 section, provided any changes made, contracts entered into or  
70 agreements entered into are in the best interest of ratepayers.

71 (e) (1) Any solicitation issued pursuant to subsection (d) of this  
72 section for zero-carbon electricity generating resources, including, but  
73 not limited to, eligible nuclear power generation facilities, hydropower,  
74 Class I renewable energy sources, as defined in section 16-1, and energy  
75 storage systems, shall be for resources delivered into the control area of  
76 the regional independent system operator, as defined in section 16-1,  
77 and any agreement entered into pursuant to subdivision (2) of this  
78 subsection shall be in the best interest of ratepayers. If the commissioner  
79 finds proposals received pursuant to such solicitations to be in the best  
80 interest of ratepayers, the commissioner may select any such proposal  
81 or proposals, provided (A) the total annual energy output of any  
82 proposals selected, in the aggregate, shall be not more than twelve  
83 million megawatt hours of electricity, (B) any agreement entered into  
84 pursuant to this subdivision with an eligible nuclear power generation  
85 facility or hydropower shall be for a period of not less than three years  
86 and not more than ten years, and (C) any agreement entered into  
87 pursuant to this subdivision with Class I renewable energy sources, as

88 defined in section 16-1, and energy storage systems shall be for a period  
89 of not more than twenty years.

90 (2) If the commissioner has made the determination and finding  
91 pursuant to subdivision (1) of this subsection, the commissioner shall,  
92 on behalf of all customers of electric distribution companies, direct the  
93 electric distribution companies to enter into agreements for energy,  
94 capacity and any environmental attributes, or any combination thereof,  
95 from proposals submitted pursuant to this subdivision.

96 (3) Any agreement entered into pursuant to subdivision (2) of this  
97 subsection shall be subject to review and approval by the Public Utilities  
98 Regulatory Authority. The electric distribution company shall file an  
99 application for the approval of any such agreement with the authority.  
100 The authority's review shall commence upon the filing of the signed  
101 power purchase agreement with the authority. The authority shall  
102 approve agreements that it determines (A) provide for the delivery of  
103 adequate and reliable products and services, for which there is a clear  
104 public need, at a just and reasonable price, (B) are prudent and cost  
105 effective, and (C) that the respondent to the solicitation has the technical,  
106 financial and managerial capabilities to perform pursuant to such  
107 agreement. The authority shall issue a decision not later than one  
108 hundred eighty days after such filing. If the authority does not issue a  
109 decision within one hundred eighty days after such filing, the  
110 agreement shall be deemed approved. The net costs of any such  
111 agreement, including costs incurred by the electric distribution  
112 company under the agreement and reasonable costs incurred by the  
113 electric distribution company in connection with the agreement, but  
114 excluding costs associated with the provision of standard service  
115 pursuant to subsection (h) of this section, shall be recovered on a timely  
116 basis through a nonbypassable fully reconciling component of electric  
117 rates for all customers of the electric distribution company. Any net  
118 revenues from the sale of products purchased in accordance with long-  
119 term contracts entered into pursuant to this [section] subsection, except  
120 any such net revenues associated with the provision of standard service

121 pursuant to subsection (h) of this section, shall be credited to customers  
122 through the same nonbypassable fully reconciling rate component for  
123 all customers of the contracting electric distribution company.

124 (f) Each person owning and operating a nuclear power generating  
125 facility in the state shall pay a pro rata share of all reasonable costs  
126 associated with the department's appraisal pursuant to subsection (c) of  
127 this section, determination pursuant to subsection (d) of this section,  
128 and actions taken pursuant to subsection (e) of this section in an amount  
129 not to exceed one million dollars.

130 (g) (1) Notwithstanding the provisions of this section, the  
131 commissioner may issue a solicitation, in consultation with the  
132 procurement manager identified in subsection (l) of section 16-2 and the  
133 Office of Consumer Counsel, for zero-carbon electricity generating  
134 resources from an eligible nuclear power generating facility.

135 (2) Any solicitation for zero-carbon electricity generating resources  
136 from an eligible nuclear power generating facility that the commissioner  
137 issues pursuant to this subsection shall be conducted in coordination  
138 with the applicable officials of two or more other states in the control  
139 area of the regional independent system operator, as defined in section  
140 16-1. The commissioner may not direct any electric distribution  
141 company to enter into an agreement pursuant to subdivision (4) of this  
142 subsection unless the applicable officials of at least two such states select  
143 a proposal for energy, capacity and any environmental attributes, or any  
144 combination thereof, from an eligible nuclear power generating facility  
145 in response to such coordinated solicitation.

146 (3) Any solicitation issued pursuant to this subsection shall be for  
147 resources delivered into the control area of the regional independent  
148 system operator, as defined in section 16-1. If the commissioner finds a  
149 proposal received pursuant to such solicitation to be in the best interest  
150 of ratepayers, the commissioner may select such proposal, provided any  
151 agreement entered into by an electric distribution company with an  
152 eligible nuclear power generating facility pursuant to this subsection

153 shall be for a period of not more than ten years commencing on the day  
154 immediately following the date that such company's agreement entered  
155 into pursuant to subsection (e) of this section terminates.

156 (4) If the commissioner selects a proposal pursuant to subdivision (3)  
157 of this subsection, the commissioner shall, on behalf of all customers of  
158 electric distribution companies, direct the electric distribution  
159 companies to enter into agreements for energy, capacity and any  
160 environmental attributes, or any combination thereof, from an eligible  
161 nuclear power generating facility. Any agreement entered into pursuant  
162 to this subdivision shall be in the best interest of ratepayers.

163 (5) Any agreement entered into pursuant to this subsection shall be  
164 subject to review and approval by the Public Utilities Regulatory  
165 Authority. An electric distribution company shall file an application for  
166 the approval of any such agreement with the authority. The authority's  
167 review shall commence upon the filing of the signed agreement with the  
168 authority. The authority shall approve any agreement that it  
169 determines: (A) Provides for the delivery of adequate and reliable  
170 products and services, for which there is a clear public need, at a just  
171 and reasonable price; and (B) is prudent and cost effective. The authority  
172 may not approve any agreement unless at least two other states, or  
173 electric utilities or other entities designated by the applicable officials of  
174 such states, enter into power purchase agreements or other agreements  
175 for energy, capacity and any environmental attributes, or any  
176 combination thereof, with an eligible nuclear power generating facility.  
177 The authority shall issue a decision not later than one hundred eighty  
178 days after such filing. If the authority does not issue a decision within  
179 one hundred eighty days after such filing, such agreement shall be  
180 deemed approved. The net costs of any such agreement, including costs  
181 incurred by the electric distribution company under the agreement and  
182 reasonable costs incurred by the electric distribution company in  
183 connection with the agreement, shall be recovered on a timely basis  
184 through a nonbypassable fully reconciling component of electric rates  
185 for all customers of the electric distribution company. Any net revenues

186 from the sale of products purchased in accordance with long-term  
187 contracts entered into pursuant to this subsection shall be credited to  
188 customers through the same nonbypassable fully reconciling rate  
189 component for all customers of the contracting electric distribution  
190 company.

191 (h) (1) Notwithstanding the provisions of subsections (a) to (g),  
192 inclusive, of this section, subsection (a) of section 16-244c and section 16-  
193 244m, an electric distribution company may request the procurement  
194 manager of the Public Utilities Regulatory Authority to authorize such  
195 company to use any portion of the energy, capacity or other energy  
196 products, or any combination thereof, that such company purchases  
197 from an eligible nuclear power generating facility pursuant to an  
198 agreement entered into pursuant to subsection (e) of this section, for the  
199 purpose of providing electric generation services for standard service.  
200 Not later than fifteen days after receiving such request, the procurement  
201 manager shall, in consultation with the Office of Consumer Counsel,  
202 deny or approve such request. The procurement manager may approve  
203 such a request only if the procurement manager concludes that such  
204 request is in the best interest of standard service customers.

205 (2) For any request that the procurement manager approves pursuant  
206 to this subsection, the procurement manager shall establish: (A) The  
207 time period during which such company shall use such energy, capacity  
208 or other energy products to provide electric generation services for  
209 standard service; (B) the quantity of energy, capacity or other energy  
210 products that such company shall use to provide electric generation  
211 services for standard service; and (C) the price that standard service  
212 customers shall pay for such energy, capacity and other energy  
213 products, provided the procurement manager may not establish a price  
214 that is higher than the applicable price specified in the agreement that  
215 such company entered into pursuant to subsection (e) of this section.

216 (3) If the procurement manager approves such request and  
217 authorizes such company to use such portion of the energy, capacity or

218 other energy products to provide electric generation services for  
219 standard service, the cost of such portion of energy, capacity or other  
220 energy products shall be paid solely by standard service customers, in  
221 accordance with the quantity and price established by the procurement  
222 manager pursuant to subdivision (2) of this subsection.

223 (4) No person owning and operating a nuclear power generating  
224 facility in the state shall pay any administrative costs associated with the  
225 procurement manager's actions pursuant to this subsection.

226 (5) Nothing in this section shall be construed to amend or alter the  
227 terms or conditions of any agreement that an electric distribution  
228 company entered into pursuant to subsection (e) of this section.

229 Sec. 2. Subsection (c) of section 16a-3n of the general statutes is  
230 repealed and the following is substituted in lieu thereof (*Effective from*  
231 *passage*):

232 (c) The commissioner may direct the electric distribution companies  
233 to enter into power purchase agreements for energy, capacity, any  
234 transmission associated with such energy derived from offshore wind  
235 facilities that are Class I renewable energy sources as defined in section  
236 16-1 and environmental attributes, or any combination thereof, for  
237 periods of [not more than twenty] up to thirty years on behalf of all  
238 customers of the state's electric distribution companies. Certificates  
239 issued by the New England Power Pool Generation Information System  
240 for any Class I renewable energy sources procured by an electric  
241 distribution company pursuant to this section may be: (1) Sold into the  
242 New England Power Pool Generation Information System renewable  
243 energy credit market to be used by any electric supplier or electric  
244 distribution company to meet the requirements of section 16-245a,  
245 provided the revenues from such sale are credited to electric  
246 distribution company customers as described in this section; or (2)  
247 retained by the electric distribution company to meet the requirements  
248 of section 16-245a. In considering whether to sell or retain such  
249 certificates, the company shall select the option that is in the best interest

250 of such company's ratepayers.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16a-3m
Sec. 2	<i>from passage</i>	16a-3n(c)