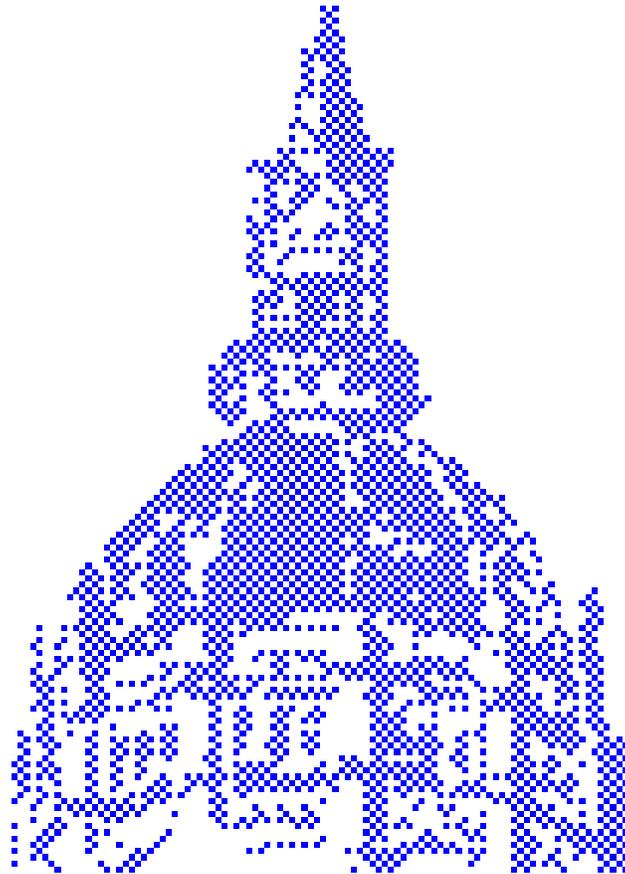




ACTS AFFECTING ENERGY & UTILITIES



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NOTICE TO READERS

This report summarizes laws passed during the 2016 regular and May special sessions affecting energy and utilities. In each summary, we indicate the public act (PA) number. We do not include vetoed public acts, unless the legislature overrode the governor's veto.

Not all provisions of the acts are included. Complete summaries of all 2016 Public Acts will be available on OLR's webpage: <http://www.cga.ct.gov/olr>.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website (<http://www.cga.ct.gov/default.asp>).

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ELECTRIC COMPANIES

Pollinators and Transmission Lines

The legislature passed a new law establishing numerous requirements related to pollinator health and habitat. Pollinators are organisms that spread pollen between flowers, such as bees and butterflies. Among other things, the new law requires Connecticut Siting Council orders to restore or revegetate in transmission line rights-of-ways to include provisions for model pollinator habitat ([PA 16-17](#), § 13, effective upon passage).

Vegetation Management

A new law imposes two requirements on utilities related to vegetation management. First, utilities that intend to conduct vegetation management must annually provide the tree warden or chief elected official of the municipality where the work will occur with (1) a plan with the proposed roads or areas for vegetation management activity and (2) an estimated work schedule. Second, they must remove or dispose of any debris from certain vegetation management activities conducted in "utility protection zones" ([PA 16-86](#), § 2, effective October 1, 2016).

ELECTRIC VEHICLES

A new law requires the Department of Motor Vehicles to collect and make available certain information on electric vehicles registered in the state. It also requires the electric distribution

companies (EDCs, i.e., Eversource and United Illuminating) to integrate electric vehicle charging load projections into their distribution planning.

The new law establishes requirements for (1) public electric vehicle charging stations, including restrictions on what types of vehicles may park in such stations; (2) disclosing the stations' location and characteristics; (3) subscriptions and payments; and (4) annual registration ([PA 16-135](#), effective July 1, 2016).

FINANCING ENERGY EFFICIENCY AND RENEWABLE ENERGY

Connecticut Green Bank

Since it was created in 2011, the Connecticut Green Bank has been within Connecticut Innovations, Inc. (CI) for administrative purposes only. But this year, the legislature made the bank independent of CI and expanded its powers to, among other things, allow it to (1) hire its own employees; (2) enter into and invest in joint ventures; and (3) subject to certain conditions, form subsidiaries to carry out the bank's statutory purposes ([PA 16-212](#), effective upon passage).

Energy-Savings Performance Contracts

A new law extends, from 15 to 20 years, the maximum financing payback period for energy-savings measures implemented under a state or municipal energy-savings performance contract (i.e., a contract with a third party to

find savings through energy efficiency measures). It also applies the limit to a comprehensive package of measures, rather than each energy-savings measure ([PA 16-173](#), effective July 1, 2016).

Microgrid Grants

A new law expands the Department of Energy and Environmental Protection's (DEEP) microgrid grant and loan program to allow it to provide matching funds or low interest loans for energy storage systems or distributed energy generation projects derived from Class I (e.g., solar or wind) or Class III energy sources (e.g., certain cogeneration or energy conservation) placed in service after July 1, 2016. Prior law limited use of the grants to funding design and engineering services and interconnection infrastructure ([PA 16-196](#), effective July 1, 2016).

Regional Greenhouse Gas Initiative Fund (RGGI) Sweeps

The amount of funding available for energy efficiency and renewable energy programs may drop under a new law that diverts the first \$3.3 million in proceeds from RGGI auctions occurring on or after January 1, 2017 to the General Fund for FY 17. The auctions allow the region's power plants to purchase allowances for emitting greenhouse gases ([PA 16-3, May Special Session](#), § 181, effective upon passage).

Revised Bond Authorizations

The bond act cancels \$29.5 million of bond authorizations for six projects and grants related to energy efficiency and renewable energy financing. The cancellations include \$4.9 million of a \$25 million authorization for DEEP's microgrid program and \$2.5 million of a \$5 million authorization for the Green Bank's Energy Conservation Loan Fund and Green Connecticut Loan Guaranty Fund ([PA 16-4, May Special Session](#), § 3, effective July 1, 2016).

HEATING FUEL CONTRACTS

Prior law required heating fuel contracts to contain a clause allowing the consumer to purchase the fuel tank and associated equipment within five years after the contract begins. A new law instead allows consumers the option of making the purchase at any point during the contract at a commercially reasonable price ([PA 16-69](#), effective July 1, 2016).

RENEWABLE ENERGY INITIATIVES

Residential Solar Investment Program

Last year, the legislature significantly revised and expanded the Green Bank's residential solar investment program, which offers financial incentives for purchasing or leasing certain residential solar photovoltaic systems. This year, a new law (1) allows the program to use power purchase agreements as incentives, (2) extends the deadline for

the bank and EDCs to negotiate a master purchase agreement under which the companies must buy renewable energy credits generated through the program, and (3) requires the companies to purchase 15-year blocks of credits under the agreement annually through the end of the program ([PA 16-212](#), effective upon passage).

Shared Clean Energy Pilot Program

Last year, the legislature created the Shared Clean Energy Pilot Program to allow certain customers to purchase a subscription in a clean energy-powered electricity generating facility for a portion of the total amount of electricity produced (e.g., a “community solar” facility). The subscriber's portion of the electricity produced is then used to offset the subscriber's electric costs at another billing meter identified by the subscriber.

A new law requires the program to be financed by one or more tariff mechanisms (rate schedules) approved by the Public Utilities Regulatory Authority (PURA) for the EDCs. It allows the EDCs to (1) purchase power from facilities in the program, (2) issue billing credits to the facilities' subscribers, and (3) recover their costs for implementing the program ([PA 16-116](#), effective upon passage).

Virtual Net Metering

The legislature made several changes to the state's virtual net metering law, which generally allows municipal, state agency, and agricultural electric customers that install certain renewable generation systems (“hosts”) to receive a billing credit for excess power their system generates and share this credit with certain other accounts (“beneficial accounts”).

Credit cap increase. Prior law capped the total amount of credits provided to beneficial accounts at \$10 million per year and limited the three categories of hosts to 40% of this amount, but a new law requires PURA to authorize an additional \$6 million of virtual net metering credits per year to municipal customer hosts that have submitted their interconnection and virtual net metering applications to an EDC by April 13, 2016 ([PA 16-216](#), effective July 1, 2016).

Eligibility of leased facilities. Another new law broadens eligibility for virtual net metering by allowing agricultural customers that lease or have a long-term contract for an agricultural virtual net metering facility to participate. Prior law limited participation to agricultural customers who owned such a system ([PA 16-46](#), effective July 1, 2016).

Revised operational deadline.

Most virtual net metering projects must become operational within one year after they have satisfied all EDC requirements on their virtual net metering application and have been assigned an annual virtual net metering cap by the EDC. But a new law gives projects 18 months from the date DEEP issues a final permit to become operational if the (1) project requires a DEEP permit related to emissions or solid waste; (2) customer host submitted a virtual net metering application to the EDC for the facility as of December 1, 2015; and (3) EDC has accepted the facility's virtual net metering application ([PA 16-134](#), effective upon passage).

Zero-Emission Renewable Energy Credit (Z-REC) Program Expansion

Since 2012, the state's Z-REC program has required the EDCs to solicit long-term contracts to purchase renewable energy certificates (RECs) from certain clean energy projects. This year, the legislature expanded the types of projects from which the EDCs must purchase RECs in year six of their ongoing procurement (i.e., 2017) to include larger, low-emission generation ([PA 16-196](#), effective July 1, 2016).

SECURITY DEPOSIT INTEREST

When determining the interest rate to pay on their customers' security deposits, a new law requires certain companies, including utility companies,

to use the Federal Deposit Insurance Corporation's (FDIC) average of the national rates for savings deposits and money market deposits. If FDIC no longer publishes these rates, the companies must use the average of substantially similar national rates published by a federal banking agency. Prior law required the companies to use the Federal Reserve Board's average rate paid on savings deposits by insured commercial banks ([PA 16-65](#), §§ 38-42, effective July 1, 2016).

STATE ELECTRICITY PURCHASING POOL

A new law restructures the electricity purchasing pool operated by DEEP to buy electricity for state operations and certain low-income households by eliminating (1) requirements for DEEP to solicit proposals from Class II trash-to-energy facilities, (2) authorization for municipalities to participate in the purchasing pool, and (3) authorization for the Connecticut Municipal Electric Energy Cooperative to contract with the purchasing pool or any energy improvement district to buy and sell power ([PA 16-173](#), effective July 1, 2016).

TECHNOLOGY

Fostering Technological Innovation and Entrepreneurship

The legislature passed a new law with several provisions aimed at encouraging technological innovations and entrepreneurship. Among other things, it:

1. extends for three more years the angel investor tax credit for individuals who invest in Connecticut technology-based businesses;
2. allows technology-based businesses that receive state economic development financing to have some or all of their loans forgiven if they mentor other businesses; and
3. allows the economic and community development commissioner to establish the Technology Talent Advisory Committee to identify shortages of qualified employees in specific technology sectors and develop pilot programs to address those shortages ([PA 16-3, May Special Session](#), §§ 15, 23, and 183, effective dates vary).

Nutmeg Network Grants

A new law sunsets, on December 31, 2018, the option for municipalities and regional councils of governments (COGs) to apply for regional performance incentive program grants to cover operating and capital costs associated with connecting to the Nutmeg Network ([PA 16-144](#), § 2, effective upon passage).

Student Data Privacy

A new law restricts how website and mobile app operators and consultants who contract with boards of education may process or access student data. Among other things, it requires operators and consultants to use reasonable security practices to

safeguard student data ([PA 16-189](#), effective October 1, 2016, with certain provisions taking effect upon passage).

Technology Infrastructure Plans

A new law requires municipalities, COGs, and the Office of Policy and Management, when updating their respective plans of conservation and development, to consider the need for technology infrastructure in their respective jurisdictions ([PA 16-144](#), §§ 6-8, effective October 1, 2016).

TELECOMMUNICATIONS

Compelled Disclosure of Phone and Internet Records and Telephone Fraud

A new law allows law enforcement officials to seek *ex parte* court orders to compel telecommunications carriers, or electronic communication or remote computing service providers, to disclose a communication's contents or geo-location data associated with call-identifying information. It sets a higher standard for the issuance of these orders (probable cause) than the existing standard (reasonable and articulable suspicion) for orders to compel disclosure of call-identifying or basic subscriber information.

Among other things, the new law also allows a carrier or service provider to disclose up to 48 hours of geo-location data upon the request of law enforcement, without a court order, if there are exigent circumstances.

It also creates a specific crime of telephone fraud, classified into six degrees ([PA 16-148](#), effective October 1, 2016).

E911 Charge Diversion

A new law creates a firefighters cancer relief program to provide wage replacement benefits to eligible paid and volunteer firefighters diagnosed with cancer. The program will be funded through a diversion from the enhanced emergency 9-1-1 program, which is funded through an existing monthly subscriber fee on phone service. The new law requires one cent per month per access line from the fee to be deposited into the account used to fund the new cancer relief program ([PA 16-10](#), effective February 1, 2017).

Tariffs for Business Retail End Users

Beginning July 1, 2016, certified telecommunications providers and telephone companies no longer have to file and maintain tariffs with PURA for services they offer or provide to business retail end users, if they (1) submit written notice to PURA and (2) make their rates, terms, and conditions for those services available in a clear and conspicuous manner that is apparent to the reasonable business retail end user in their customer service guides, on their websites, or in their contracts ([PA 16-101](#), effective upon passage).

WATER

Construction and Expansion of Water Systems

A new law revises the process for issuing certificates of public convenience and necessity for water companies seeking to expand or construct their systems. Among other things, it (1) requires certain water companies to obtain the certificate from the Department of Public Health (DPH), instead of both DPH and PURA and (2) under certain conditions, requires PURA to determine if a water system owner has sufficient financial resources to provide adequate service and operate reliably and efficiently ([PA 16-197](#), effective October 1, 2016).

Fluoridation of the Public Water Supply

A new law reduces the mandated fluoride content of the public water supply to a monthly average that is no more than 0.15 milligrams per liter (mg/L) different from the U.S. Department of Health and Human Services' most recent recommendation for optimal fluoride levels in drinking water to prevent tooth decay (currently 0.7 mg/L). Prior law required that the public water supply's content be between 0.8 and 1.2 mg/L ([PA 16-4](#), effective October 1, 2016).

Revised Bond Authorizations

The bond act cancels \$69.1 million of bond authorizations for seven projects and grants related to water utility projects, including \$22.5 million of a \$1.6 billion authorization for DEEP's Clean Water Fund grants and \$11.35 million of a \$16 million authorization for DEEP's grants to municipalities for certain water supply projects ([PA 16-4, May Special Session](#), effective July 1, 2016).

State Water Plan

Existing law requires the Water Planning Council (WPC) to prepare a state water plan by July 1, 2017 and submit it to the Energy and Technology, Environment, Planning and Development, and Public Health committees by January 1, 2018. A new law modifies the legislative process for submitting and approving the state water plan. Among other things, it allows the legislative committees to hold a public hearing on the plan and either (1) submit the plan to the legislature for approval or (2) if they disapprove it, return the plan with any recommended revisions to the WPC for revision and resubmittal to the committees.

Under the new law, the state water plan takes effect when the legislature adopts it by an affirmative vote. If the legislature disapproves the plan, it is returned to the WPC for revision and resubmission to the legislative committees. If the legislature fails to

adopt the plan within two years after the date it was originally submitted, the plan must be forwarded to the governor for adoption or rejection ([PA 16-137](#), effective October 1, 2016).

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