



General Assembly

Amendment

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LCO No. 7776



Offered by:

SEN. FORMICA, 20th Dist.

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To: Subst. Senate Bill No. 106

File No. 468

Cal. No. 242

"AN ACT CONCERNING THE DIVERSITY OF BASELOAD ENERGY SUPPLIES IN THE STATE AND ACHIEVING CONNECTICUT'S GREENHOUSE GAS EMISSIONS MANDATED LEVELS."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) (a) In order to secure a long
4 term supply of diverse cost-effective resources to provide more reliable
5 electric service for the benefit of the state's electric ratepayers and to
6 meet the state's energy and environmental goals and policies
7 established in the Integrated Resources Plan, pursuant to section 16a-
8 3a of the general statutes, the Comprehensive Energy Strategy,
9 pursuant to section 16a-3d of the general statutes, section 22a-200a of
10 the general statutes and the state-wide solid waste management plan
11 developed pursuant to section 22a-241a of the general statutes, on

12 October 1, 2017, the Commissioner of Energy and Environmental
13 Protection, in consultation with the procurement manager identified in
14 subsection (l) of section 16-2 of the general statutes, the Office of
15 Consumer Counsel and the Attorney General, shall, on behalf of
16 Connecticut alone:

17 (1) Issue one or more solicitations from providers of the following
18 resources constructed on or after the date the commissioner issues the
19 solicitation pursuant to this subdivision, provided such resources shall
20 be delivered into the control area of the regional independent system
21 operator, as defined in section 16-1 of the general statutes, as amended
22 by this act: (A) Class I renewable energy sources, as defined in section
23 16-1 of the general statutes, as amended by this act, that emit no
24 pollutants and have a nameplate capacity rating of twenty megawatts
25 or more; (B) verifiable large-scale hydropower, as defined in section
26 16-1 of the general statutes, as amended by this act, and any associated
27 transmission; (C) Class I renewable energy resources that use Class I
28 technologies that have emissions of no more than 0.07 pounds per
29 megawatt-hour of nitrogen oxides, 0.10 pounds per megawatt-hour of
30 carbon monoxide, 0.02 pounds per megawatt-hour of volatile organic
31 compounds, and one grain per one hundred standard cubic feet; (D)
32 Class I anaerobic digestion facilities that are part of a provider
33 response under subparagraph (B) of subdivision (2) of this subsection;
34 and (E) Class I run-of-the-river hydropower facilities; and

35 (2) Issue one or more solicitations from providers of the following
36 resources constructed before the date the commissioner issues the
37 solicitation pursuant to this subdivision, provided such resources shall
38 be delivered into the control area of the regional independent system
39 operator, as defined in section 16-1 of the general statutes, as amended
40 by this act: (A) Nuclear power generating facilities; (B) trash-to-energy
41 facilities that are registered Class II renewable energy sources, as
42 defined in section 16-1 of the general statutes, as amended by this act,
43 provided such facilities (i) advance the state's recycling and waste
44 diversion goals by acquiring and installing new or upgraded material
45 recovery technology, and (ii) develop new Class I anaerobic digestion

46 facilities or partner with existing Class I anaerobic digestion facilities
47 to divert material recovered from the waste stream; and (C) Class I
48 biomass facilities that went into service on or after December 1, 2013,
49 and provide a waste stream management benefit to the state in
50 accordance with the state-wide solid waste management plan
51 developed pursuant to section 22a-241a of the general statutes.

52 (b) Before October 1, 2017, the Public Utilities Regulatory Authority
53 shall submit to the commissioner written comments proposing (1) the
54 terms and conditions of the solicitation plan, and (2) model power
55 purchase agreements.

56 (c) The Commissioner of Energy and Environmental Protection, in
57 consultation with the procurement manager identified in subsection (l)
58 of section 16-2 of the general statutes, the Office of Consumer Counsel
59 and the Attorney General: (1) Shall evaluate project proposals received
60 in response to any solicitation issued pursuant to subsection (a) of this
61 section based on whether such proposal is in the best interest of
62 ratepayers and whether the benefits of such proposal outweigh the
63 costs to ratepayers, based on the following: (A) The delivered prices of
64 such sources compared to the forecasted price of energy, as
65 determined by the commissioner or his or her designee; (B) impacts on
66 electric system operations and reliability; (C) the extent to which such
67 proposal will contribute to: (i) The local sourcing requirement set by
68 the regional independent system operator, as defined in section 16-1 of
69 the general statutes, as amended by this act; and (ii) the goals
70 established in the state-wide solid waste management plan developed
71 pursuant to section 22a-241a of the general statutes; and (D) fuel
72 diversity; and (2) shall evaluate project proposals received in response
73 to any solicitation issued pursuant to subsection (a) of this section
74 based on the forecasted price of capacity or environmental attributes,
75 including, but not limited to, greenhouse gas emissions avoided or
76 reduced as measured using the social cost of carbon, as determined by
77 the commissioner or his or her designee.

78 (d) The commissioner may hire consultants with expertise in the

79 quantitative modeling of electric markets and physical electric system
80 modeling, as applicable, to assist in implementing this section,
81 including, but not limited to, evaluating proposals submitted pursuant
82 to this section. All reasonable costs, not to exceed two million dollars,
83 associated with the commissioner's solicitation and review of
84 proposals pursuant to this section shall be recoverable through the
85 nonbypassable federally mandated congestion charge, as defined in
86 subsection (a) of section 16-1 of the general statutes, as amended by
87 this act. Such costs shall be recoverable regardless of whether the
88 commissioner selects any proposal pursuant to solicitations issued
89 pursuant to this section.

90 (e) If the commissioner finds one or more proposals received
91 pursuant to this section to be in the best interest of ratepayers, in
92 accordance with the provisions of subsection (c) of this section,
93 consistent with the requirements to reduce greenhouse gas emissions
94 in accordance with section 22a-200a of the general statutes, and in
95 accordance with the policy goals outlined in the Comprehensive
96 Energy Strategy, adopted pursuant to section 16a-3d of the general
97 statutes, the commissioner may select one or more proposals,
98 provided: (1) The benefits of each proposal exceeds the costs of such
99 proposal; and (2) the total annual energy output of the proposals
100 selected pursuant to this section, in the aggregate, shall not exceed
101 thirteen million two hundred thirty-five thousand one hundred fifty
102 megawatt-hours of electricity, provided: (A) The total annual energy
103 output of the proposals described in subparagraph (A) of subdivision
104 (1) of subsection (a) of this section and subparagraph (C) of
105 subdivision (1) of subsection (a) of this section selected pursuant to this
106 section shall not exceed two hundred sixty-two thousand nine
107 hundred fifty megawatt-hours of electricity; (B) the total annual energy
108 output of the proposals described in subparagraph (B) of subdivision
109 (1) of subsection (a) of this section selected pursuant to this section
110 shall not exceed two million one hundred ninety-one thousand two
111 hundred fifty megawatt-hours of electricity; (C) the total annual
112 energy output of the proposals described in subparagraph (D) of

113 subdivision (1) of subsection (a) of this section selected pursuant to this
114 section shall not exceed eighty-seven thousand six hundred fifty
115 megawatt-hours of electricity; (D) the total annual energy output of the
116 proposals described in subparagraph (E) of subdivision (1) of
117 subsection (a) of this section selected pursuant to this section shall not
118 exceed two million one hundred ninety-one thousand two hundred
119 fifty megawatt-hours of electricity; (E) the total annual energy output
120 of the proposals described in subparagraph (A) of subdivision (2) of
121 subsection (a) of this section selected pursuant to this section shall not
122 exceed eight million three hundred twenty-six thousand seven
123 hundred fifty megawatt-hours of electricity; (F) the total annual energy
124 output of the proposals described in subparagraph (B) of subdivision
125 (2) of subsection (a) of this section selected pursuant to this section
126 shall not exceed eighty-seven thousand six hundred fifty megawatt-
127 hours of electricity; and (G) the total annual energy output of the
128 proposals described in subparagraph (C) of subdivision (2) of
129 subsection (a) of this section selected pursuant to this section shall not
130 exceed eighty-seven thousand six hundred fifty megawatt-hours of
131 electricity.

132 (f) The commissioner may, on behalf of all customers of electric
133 distribution companies, direct the electric distribution companies, as
134 defined in section 16-1 of the general statutes, as amended by this act,
135 to enter into agreements for energy, capacity, any environmental
136 attributes and any associated transmission, or any combination
137 thereof, from proposals submitted pursuant to this section as follows:
138 (1) For proposals pursuant to subdivision (1) of subsection (a) of this
139 section and subparagraphs (B) and (C) of subdivision (2) of subsection
140 (a) of this section, for a period not to exceed twenty years; and (2) for
141 proposals pursuant to subparagraph (A) of subdivision (2) of
142 subsection (a) of this section, for a period not to exceed five years.

143 (g) Any agreement described in subsection (f) of this section shall be
144 subject to review and approval by the Public Utilities Regulatory
145 Authority. Such review shall commence upon the filing of the signed
146 power purchase agreement with the authority. The authority may

147 approve agreements that it determines (1) provide for the delivery of
148 adequate and reliable products and services, and (2) are prudent and
149 cost effective. The authority shall issue a decision on any such
150 agreement not later than one hundred twenty days after such filing,
151 except that if the commissioner delegates any authority to the electric
152 distribution companies pursuant to subsection (j) of this section, the
153 authority shall issue a decision on such agreement not later than one
154 hundred twenty days after such filing. In the event the authority does
155 not issue a decision within ninety days or one hundred twenty days, as
156 applicable, after such agreement is filed with the authority, the
157 agreement shall be deemed approved. The net costs of any such
158 agreement, including costs incurred by the electric distribution
159 companies under the agreement and reasonable costs incurred by the
160 electric distribution companies in connection with the agreement, shall
161 be recovered on a timely basis through a fully reconciling component
162 of electric rates for all customers of electric distribution companies.
163 Any net revenues from the sale of products purchased in accordance
164 with any agreement entered into pursuant to this section shall be
165 credited on a timely basis to all customers of the contracting electric
166 distribution company through the same fully reconciling rate
167 component of electric rates.

168 (h) With regard to any energy, capacity, environmental attributes or
169 associated transmission procured by an electric distribution company
170 pursuant to subsection (f) of this section, such electric distribution
171 company may sell such energy, capacity, environmental attributes or
172 associated transmission into the relevant market.

173 (i) Any certificates issued by the New England Power Pool
174 Generation Information System for any Class I renewable energy
175 source or Class II renewable energy source procured by an electric
176 distribution company pursuant to subsection (f) of this section may be:
177 (1) Sold into the New England Power Pool Generation Information
178 System renewable energy credit market to be used by any electric
179 supplier or electric distribution company to meet the requirements of
180 section 16-245a of the general statutes, as amended by this act,

181 provided any revenues from such sale are credited to electric
182 distribution company customers as described in this subsection; or (2)
183 retained by the electric distribution company to meet the requirements
184 of section 16-245a of the general statutes, as amended by this act. In
185 determining whether to sell or retain such certificates, the electric
186 distribution company shall select the option that is in the best interest
187 of such company's ratepayers.

188 (j) The commissioner may, at his or her discretion, delegate his or
189 her authority in subsections (b) to (i), inclusive, of this section to the
190 electric distribution companies, provided any necessary procedures
191 are put in place, in accordance with the provisions of this subsection,
192 to avoid any potential conflicts of interest. The commissioner may not
193 delegate his or her authority in subsection (a) of this section. If the
194 commissioner delegates his or her authority pursuant to this
195 subsection, the commissioner may revoke such delegation at any time.
196 If the commissioner delegates his or her authority pursuant to this
197 subsection, the commissioner shall provide notice of such delegation at
198 the time the commissioner issues the solicitation pursuant to
199 subsection (a) of this section. Such procedures to avoid any potential
200 conflicts of interest shall include, but not be limited to, the following:
201 (1) Each electric distribution company shall notify the commissioner
202 and provide public notice prior to the end of the solicitation period if
203 such electric distribution company, such electric distribution
204 company's parent company, any subsidiary of such electric
205 distribution company or any entity in which such electric distribution
206 company has a financial interest intends to respond to the solicitation
207 pursuant to this section. The commissioner shall not delegate his or her
208 authority to: (A) Any electric distribution company that responds to
209 the solicitation but did not notify the commissioner pursuant to this
210 subsection; or (B) any electric distribution company that cannot
211 demonstrate that it has complied with the provisions of this
212 subsection, if such demonstration is requested by the commissioner;
213 (2) each electric distribution company that intends to respond to the
214 solicitation pursuant to this section shall: (A) Establish a group of

215 individuals responsible for developing a response to the solicitation
216 issued pursuant to subsection (a) of this section, which shall be known
217 as the bid team; and (B) establish a group of individuals responsible
218 for evaluating and selecting proposals pursuant to subsections (b) to
219 (h), inclusive, of this section, which shall be known as the evaluation
220 team. No individual may be a member of both the bid team and the
221 evaluation team; (3) each electric distribution company that intends to
222 respond to the solicitation pursuant to this section shall establish and
223 maintain a screen or firewall between its bid team and evaluation team
224 with respect to information or communications relating to the
225 solicitation and potential responses pursuant to this section. Each
226 electric distribution company shall ensure that no substantive or
227 material internal or external communications, in any form, occur
228 between any member of its bid team and any member of its evaluation
229 team about such solicitation, the solicitation process, or any potential
230 responses to such solicitation; (4) each electric distribution company
231 that intends to respond to the solicitation pursuant to this section shall
232 ensure that all activity conducted pursuant to subsection (a) of this
233 section is conducted solely by the bid team. Such electric distribution
234 company shall ensure that no member of the bid team consults,
235 advises or communicates directly or indirectly with a member of the
236 evaluation team about the solicitation or any response to the
237 solicitation during the preparation or submission of the response or the
238 evaluation process; (5) each electric distribution company that intends
239 to respond to the solicitation pursuant to this section shall ensure that
240 the evaluation team responsibilities do not involve any
241 communication, advice or consultation with the bid team about the
242 solicitation or any response to the solicitation. Such electric
243 distribution company shall ensure that no member of the evaluation
244 team consults, advises or communicates directly or indirectly with a
245 member of the bid team about the solicitation or any response to the
246 solicitation during the preparation or submission of such response or
247 the evaluation process; (6) each electric distribution company that
248 intends to respond to the solicitation pursuant to this section shall
249 ensure that the evaluation team does not open or review any

250 submitted responses until after the deadline for submitting responses
251 to the solicitation pursuant to this section; and (7) each electric
252 distribution company delegated authority pursuant to this section
253 shall direct all questions regarding submitted responses to the
254 commissioner and shall not contact any individual or entity that
255 responded to the solicitation pursuant to this section. Only the
256 commissioner may contact any individual or entity that responds to
257 such a solicitation.

258 Sec. 2. Subsection (c) of section 16-244r of the general statutes is
259 repealed and the following is substituted in lieu thereof (*Effective July*
260 *1, 2017*):

261 (c) (1) The aggregate procurement of renewable energy credits by
262 electric distribution companies pursuant to this section shall (A) be
263 eight million dollars in the first year, and (B) increase by an additional
264 eight million dollars per year in years two to four, inclusive.

265 (2) After year four, the authority shall review contracts entered into
266 pursuant to this section and if the cost of the technologies included in
267 such contracts have been reduced, the authority shall seek to enter new
268 contracts for the total of six years.

269 (3) After year six, the authority shall seek to enter new contracts for
270 the total of seven years.

271 (A) The aggregate procurement of renewable energy credits by
272 electric distribution companies pursuant to this subdivision shall (i)
273 increase by an additional eight million dollars per year in years five,
274 [and] six and seven, (ii) be [forty-eight] fifty-six million dollars in years
275 [seven] eight to fifteen, inclusive, and (iii) decline by eight million
276 dollars per year in years sixteen to [twenty-one] twenty-two, inclusive,
277 provided any money not allocated in any given year may roll into the
278 next year's available funds.

279 (B) For the sixth and seventh year [solicitation] solicitations, each
280 electric distribution company shall solicit and file with the Public

281 Utilities Regulatory Authority for its approval one or more long-term
282 contracts with owners or developers of Class I generation projects that:
283 (i) Emit no pollutants and that are less than one thousand kilowatts in
284 size, located on the customer side of the revenue meter and serve the
285 distribution system of the electric distribution company, provided such
286 contracts do not exceed fifty per cent of the dollar amount established
287 for [year] years six and seven under subparagraph (A) of this
288 subdivision; and (ii) are less than two megawatts in size, located on the
289 customer side of the revenue meter, serve the distribution system of
290 the electric distribution company, and use Class I technologies that
291 have no emissions of no more than 0.07 pounds per megawatt-hour of
292 nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide,
293 0.02 pounds per megawatt-hour of volatile organic compounds, and
294 one grain per one hundred standard cubic feet, provided such
295 contracts do not exceed fifty per cent of the dollar amount established
296 for [year] years six and seven under subparagraph (A) of this
297 subdivision. The authority may give a preference to contracts for
298 technologies manufactured, researched or developed in the state.

299 [(3)] (4) The production of a megawatt hour of electricity from a
300 Class I renewable energy source first placed in service on or after July
301 1, 2011, shall create one renewable energy credit. A renewable energy
302 credit shall have an effective life covering the year in which the credit
303 was created and the following calendar year. The obligation to
304 purchase renewable energy credits shall be apportioned to electric
305 distribution companies based on their respective distribution system
306 loads at the commencement of the procurement period, as determined
307 by the authority. For contracts entered into in calendar year 2012, an
308 electric distribution company shall not be required to enter into a
309 contract that provides a payment of more than three hundred fifty
310 dollars, per renewable energy credit in any year over the term of the
311 contract. For contracts entered into in calendar years 2013 to 2017,
312 inclusive, at least ninety days before each annual electric distribution
313 company solicitation, the Public Utilities Regulatory Authority may
314 lower the renewable energy credit price cap specified in this subsection

315 by three to seven per cent annually, during each of the six years of the
316 program over the term of the contract. For contracts entered into in
317 calendar year 2018, at least ninety days before the electric distribution
318 company solicitation, the Public Utilities Regulatory Authority may
319 lower the renewable energy credit price cap specified in this subsection
320 by sixty-four per cent, during year seven of the program over the term
321 of the contract. In the course of lowering such price cap applicable to
322 each annual solicitation, the authority shall, after notice and
323 opportunity for public comment, consider such factors as the actual
324 bid results from the most recent electric distribution company
325 solicitation and reasonably foreseeable reductions in the cost of eligible
326 technologies.

327 Sec. 3. (NEW) (*Effective October 1, 2017*) An electric distribution
328 company may submit to the Public Utilities Regulatory Authority for
329 approval one or more plans to acquire new fuel cell electricity
330 generation that began operation on or after October 1, 2017. Any such
331 plan shall utilize a competitive process for the purpose of providing
332 distribution system benefits, including, but not limited to, avoiding or
333 deferring distribution capacity upgrades, and enhancing distribution
334 system reliability, including, but not limited to, voltage or frequency
335 improvements. Any such plan shall give preference to proposals that
336 make efficient use of existing sites and supply infrastructure. In the
337 event that the authority approves such plan, an electric distribution
338 company may submit to the authority (1) proposed power purchase
339 agreements negotiated with persons to build, own and operate new
340 fuel cell generation, or (2) proposals to provide financial incentives for
341 the installation of combined heat and power systems powered by fuel
342 cells, provided any such incentives shall be consistent with the
343 Comprehensive Energy Strategy pursuant to section 16a-3d of the
344 general statutes. The facilities built pursuant to said power purchase
345 agreements and that receive said financial incentives under this section
346 shall not exceed a total nameplate capacity rating of thirty megawatts
347 in the aggregate. The authority shall evaluate any proposal submitted
348 pursuant to this section in a manner that is consistent with the

349 principles of sections 16-19 and 16-19e of the general statutes and may
350 approve one or more proposals if it finds that such proposal (A) was
351 developed in a manner that is consistent with the acquisition plan
352 approved by the authority, (B) serves the long-term interests of
353 ratepayers, and (C) cost-effectively avoids or defers distribution
354 system costs. The costs incurred by an electric distribution company
355 under this section shall be recovered from all customers of the
356 contracting electric distribution company through a fully reconciling
357 component of electric rates for all customers of electric distribution
358 companies, until the electric distribution company's next rate case, at
359 which time such costs and investments shall be recoverable through
360 base distribution rates. Nothing in this section shall preclude the resale
361 or other disposition of any energy products, capacity and associated
362 environmental attributes purchased by the electric distribution
363 company, provided the electric distribution company shall net the cost
364 of payments made to projects under any long-term contracts entered
365 into pursuant to subdivision (1) of this section against the proceeds of
366 the sale of any energy products, capacity and environmental attributes
367 and the difference shall be credited or charged to distribution
368 customers through a reconciling component of electric rates, as
369 determined by the authority, that is nonbypassable when switching
370 electric suppliers. The electric distribution company may use any
371 energy products, capacity and environmental attributes produced by
372 such facility to meet the needs of customers served pursuant to section
373 16-244c of the general statutes, as amended by this act.
374 Notwithstanding the provisions of subdivision (1) of subsection (h) of
375 section 16-244c of the general statutes, as amended by this act,
376 certificates issued by the New England Power Pool Generation
377 Information System for any Class I renewable energy source acquired
378 pursuant to this section may be retained by the electric distribution
379 company to meet the requirements of section 16-245a of the general
380 statutes, as amended by this act.

381 Sec. 4. Subdivisions (20) and (21) of subsection (a) of section 16-1 of
382 the general statutes are repealed and the following is substituted in

383 lieu thereof (*Effective from passage*):

384 (20) "Class I renewable energy source" means (A) electricity derived
385 from (i) solar power, (ii) wind power, (iii) a fuel cell, (iv) geothermal,
386 (v) landfill methane gas, anaerobic digestion or other biogas derived
387 from biological sources, (vi) thermal electric direct energy conversion
388 from a certified Class I renewable energy source, (vii) ocean thermal
389 power, (viii) wave or tidal power, (ix) low emission advanced
390 renewable energy conversion technologies, (x) a run-of-the-river
391 hydropower facility that [began operation after July 1, 2003, and] has a
392 generating capacity of not more than thirty megawatts, provided a
393 facility that applies for certification under this clause after January 1,
394 2013, shall not be based on a new dam or a dam identified by the
395 commissioner as a candidate for removal, and shall meet applicable
396 state and federal requirements, including applicable site-specific
397 standards for water quality and fish passage, or (xi) a biomass facility
398 that uses sustainable biomass fuel and has an average emission rate of
399 equal to or less than .075 pounds of nitrogen oxides per million BTU of
400 heat input for the previous calendar quarter, except that energy
401 derived from a biomass facility with a capacity of less than five
402 hundred kilowatts that began construction before July 1, 2003, may be
403 considered a Class I renewable energy source, or (B) any electrical
404 generation, including distributed generation, generated from a Class I
405 renewable energy source, provided, on and after January 1, 2014, any
406 megawatt hours of electricity from a renewable energy source
407 described under this subparagraph that are claimed or counted by a
408 load-serving entity, province or state toward compliance with
409 renewable portfolio standards or renewable energy policy goals in
410 another province or state, other than the state of Connecticut, shall not
411 be eligible for compliance with the renewable portfolio standards
412 established pursuant to section 16-245a, as amended by this act;

413 (21) "Class II renewable energy source" means [energy] electricity
414 derived from a trash-to-energy facility [, a biomass facility that began
415 operation before July 1, 1998, provided the average emission rate for
416 such facility is equal to or less than .2 pounds of nitrogen oxides per

417 million BTU of heat input for the previous calendar quarter, or a run-
418 of-the-river hydropower facility provided such facility has a
419 generating capacity of not more than five megawatts, does not cause
420 an appreciable change in the riverflow, and began operation prior to
421 July 1, 2003] that has obtained a permit pursuant to section 22a-208a
422 and section 22a-174-33 of the regulations of Connecticut state agencies;

423 Sec. 5. Subsection (a) of section 16-245a of the general statutes is
424 repealed and the following is substituted in lieu thereof (*Effective from*
425 *passage*):

426 (a) An electric supplier and an electric distribution company
427 providing standard service or supplier of last resort service, pursuant
428 to section 16-244c, as amended by this act, shall demonstrate:

429 (1) On and after January 1, 2006, that not less than two per cent of
430 the total output or services of any such supplier or distribution
431 company shall be generated from Class I renewable energy sources
432 and an additional three per cent of the total output or services shall be
433 from Class I or Class II renewable energy sources;

434 (2) On and after January 1, 2007, not less than three and one-half per
435 cent of the total output or services of any such supplier or distribution
436 company shall be generated from Class I renewable energy sources
437 and an additional three per cent of the total output or services shall be
438 from Class I or Class II renewable energy sources;

439 (3) On and after January 1, 2008, not less than five per cent of the
440 total output or services of any such supplier or distribution company
441 shall be generated from Class I renewable energy sources and an
442 additional three per cent of the total output or services shall be from
443 Class I or Class II renewable energy sources;

444 (4) On and after January 1, 2009, not less than six per cent of the
445 total output or services of any such supplier or distribution company
446 shall be generated from Class I renewable energy sources and an
447 additional three per cent of the total output or services shall be from

448 Class I or Class II renewable energy sources;

449 (5) On and after January 1, 2010, not less than seven per cent of the
450 total output or services of any such supplier or distribution company
451 shall be generated from Class I renewable energy sources and an
452 additional three per cent of the total output or services shall be from
453 Class I or Class II renewable energy sources;

454 (6) On and after January 1, 2011, not less than eight per cent of the
455 total output or services of any such supplier or distribution company
456 shall be generated from Class I renewable energy sources and an
457 additional three per cent of the total output or services shall be from
458 Class I or Class II renewable energy sources;

459 (7) On and after January 1, 2012, not less than nine per cent of the
460 total output or services of any such supplier or distribution company
461 shall be generated from Class I renewable energy sources and an
462 additional three per cent of the total output or services shall be from
463 Class I or Class II renewable energy sources;

464 (8) On and after January 1, 2013, not less than ten per cent of the
465 total output or services of any such supplier or distribution company
466 shall be generated from Class I renewable energy sources and an
467 additional three per cent of the total output or services shall be from
468 Class I or Class II renewable energy sources;

469 (9) On and after January 1, 2014, not less than eleven per cent of the
470 total output or services of any such supplier or distribution company
471 shall be generated from Class I renewable energy sources and an
472 additional three per cent of the total output or services shall be from
473 Class I or Class II renewable energy sources;

474 (10) On and after January 1, 2015, not less than twelve and one-half
475 per cent of the total output or services of any such supplier or
476 distribution company shall be generated from Class I renewable
477 energy sources and an additional three per cent of the total output or
478 services shall be from Class I or Class II renewable energy sources;

479 (11) On and after January 1, 2016, not less than fourteen per cent of
480 the total output or services of any such supplier or distribution
481 company shall be generated from Class I renewable energy sources
482 and an additional three per cent of the total output or services shall be
483 from Class I or Class II renewable energy sources;

484 (12) On and after January 1, 2017, not less than fifteen and one-half
485 per cent of the total output or services of any such supplier or
486 distribution company shall be generated from Class I renewable
487 energy sources and an additional three per cent of the total output or
488 services shall be from Class I or Class II renewable energy sources;

489 (13) On and after January 1, 2018, not less than seventeen per cent of
490 the total output or services of any such supplier or distribution
491 company shall be generated from Class I renewable energy sources
492 and an additional [three] four per cent of the total output or services
493 shall be from Class I or Class II renewable energy sources;

494 (14) On and after January 1, 2019, not less than nineteen and one-
495 half per cent of the total output or services of any such supplier or
496 distribution company shall be generated from Class I renewable
497 energy sources and an additional [three] four per cent of the total
498 output or services shall be from Class I or Class II renewable energy
499 sources;

500 (15) On and after January 1, 2020, not less than twenty per cent of
501 the total output or services of any such supplier or distribution
502 company shall be generated from Class I renewable energy sources
503 and an additional [three] four per cent of the total output or services
504 shall be from Class I or Class II renewable energy sources.

505 Sec. 6. Subdivision (1) of subsection (h) of section 16-244c of the
506 general statutes is repealed and the following is substituted in lieu
507 thereof (*Effective from passage*):

508 (h) (1) Notwithstanding the provisions of subsection (b) of this
509 section regarding an alternative standard service option, an electric

510 distribution company providing standard service, supplier of last
511 resort service or back-up electric generation service in accordance with
512 this section shall contract with its wholesale suppliers to comply with
513 the renewable portfolio standards. The Public Utilities Regulatory
514 Authority shall annually conduct an [unconstested] unconstested
515 proceeding in order to determine whether the electric distribution
516 company's wholesale suppliers met the renewable portfolio standards
517 during the preceding year. On or before December 31, 2013, the
518 authority shall issue a decision on any such proceeding for calendar
519 years up to and including 2012, for which a decision has not already
520 been issued. Not later than December 31, 2014, and annually thereafter,
521 the authority shall, following such proceeding, issue a decision as to
522 whether the electric distribution company's wholesale suppliers met
523 the renewable portfolio standards during the preceding year. An
524 electric distribution company shall include a provision in its contract
525 with each wholesale supplier that requires the wholesale supplier to
526 pay the electric distribution company an amount of: (A) For calendar
527 years up to and including calendar year 2017, five and one-half cents
528 per kilowatt hour if the wholesale supplier fails to comply with the
529 renewable portfolio standards during the subject annual period; and
530 (B) for calendar years commencing on and after January 1, 2018, five
531 and one-half cents per kilowatt hour if the wholesale supplier fails to
532 comply with the renewable portfolio standards during such calendar
533 year for Class I renewable energy sources, and two and one-half cents
534 per kilowatt hour if the wholesale supplier fails to comply with the
535 renewable portfolio standards during such calendar year for Class II
536 renewable energy sources. The electric distribution company shall
537 promptly transfer any payment received from the wholesale supplier
538 for the failure to meet the renewable portfolio standards to the Clean
539 Energy Fund for the development of Class I renewable energy sources,
540 provided, on and after June 5, 2013, any such payment shall be
541 refunded to ratepayers by using such payment to offset the costs to all
542 customers of electric distribution companies of the costs of contracts
543 entered into pursuant to sections 16-244r, as amended by this act, and
544 16-244t. Any excess amount remaining from such payment shall be

545 applied to reduce the costs of contracts entered into pursuant to
546 subdivision (2) of this subsection, and if any excess amount remains,
547 such amount shall be applied to reduce costs collected through
548 nonbypassable, federally mandated congestion charges, as defined in
549 section 16-1, as amended by this act.

550 Sec. 7. Subsection (k) of section 16-245 of the general statutes is
551 repealed and the following is substituted in lieu thereof (*Effective from*
552 *passage*):

553 (k) Any licensee who fails to comply with a license condition or who
554 violates any provision of this section, except for the renewable
555 portfolio standards contained in subsection (g) of this section, shall be
556 subject to civil penalties by the Public Utilities Regulatory Authority in
557 accordance with section 16-41, or the suspension or revocation of such
558 license or a prohibition on accepting new customers following a
559 hearing that is conducted as a contested case in accordance with
560 chapter 54. Notwithstanding the provisions of subsection (b) of section
561 16-244c regarding an alternative transitional standard offer option or
562 an alternative standard service option, the authority shall require a
563 payment by a licensee that fails to comply with the renewable portfolio
564 standards in accordance with subdivision (4) of subsection (g) of this
565 section in the amount of: (A) For calendar years up to and including
566 calendar year 2017, five and one-half cents per kilowatt hour, and (B)
567 for calendar years commencing on and after January 1, 2018, five and
568 one-half cents per kilowatt hour if the licensee fails to comply with the
569 renewable portfolio standards during such calendar year for Class I
570 renewable energy sources and two and one-half cents per kilowatt
571 hour if the licensee fails to comply with the renewable portfolio
572 standards during such calendar year for Class II renewable energy
573 sources. On or before December 31, 2013, the authority shall issue a
574 decision, following an uncontested proceeding, on whether any
575 licensee has failed to comply with the renewable portfolio standards
576 for calendar years up to and including 2012, for which a decision has
577 not already been issued. On and after June 5, 2013, the Public Utilities
578 Regulatory Authority shall annually conduct an uncontested

579 proceeding in order to determine whether any licensee has failed to
580 comply with the renewable portfolio standards during the preceding
581 year. Not later than December 31, 2014, and annually thereafter, the
582 authority shall, following such proceeding, issue a decision as to
583 whether the licensee has failed to comply with the renewable portfolio
584 standards during the preceding year. The authority shall allocate such
585 payment to the Clean Energy Fund for the development of Class I
586 renewable energy sources, provided, on and after June 5, 2013, any
587 such payment shall be refunded to ratepayers by using such payment
588 to offset the costs to all customers of electric distribution companies of
589 the costs of contracts entered into pursuant to sections 16-244r, as
590 amended by this act, and 16-244t. Any excess amount remaining from
591 such payment shall be applied to reduce the costs of contracts entered
592 into pursuant to subdivision (2) of subsection (j) of section 16-244c, and
593 if any excess amount remains, such amount shall be applied to reduce
594 costs collected through nonbypassable, federally mandated congestion
595 charges, as defined in section 16-1, as amended by this act.

596 Sec. 8. Section 16a-3h of the general statutes is repealed and the
597 following is substituted in lieu thereof (*Effective from passage*):

598 On or after October 1, 2013, the Commissioner of Energy and
599 Environmental Protection, in consultation with the procurement
600 manager identified in subsection (l) of section 16-2, the Office of
601 Consumer Counsel and the Attorney General, may solicit proposals, in
602 one solicitation or multiple solicitations, from providers of [run-of-the-
603 river] the following sources or any combination of such sources: Run-
604 of-the-river hydropower, landfill methane gas or biomass, provided
605 [such] each foregoing source meets the definition of a Class I
606 renewable energy source pursuant to section 16-1, as amended by this
607 act, or fuel cell, offshore wind, anaerobic digestion or energy storage
608 systems. In making any selection of such proposals, the commissioner
609 shall consider factors, including, but not limited to (1) whether the
610 proposal is in the interest of ratepayers, including, but not limited to,
611 the delivered price of such sources, (2) the emissions profile of a
612 relevant facility, (3) any investments made by a relevant facility to

613 improve the emissions profile of such facility, (4) the length of time a
614 relevant facility has received renewable energy credits, (5) any positive
615 impacts on the state's economic development, (6) whether the proposal
616 is consistent with requirements to reduce greenhouse gas emissions in
617 accordance with section 22a-200a, [and] including, but not limited to,
618 the development of combined heat and power systems (7) whether the
619 proposal is consistent with the policy goals outlined in the
620 Comprehensive Energy Strategy adopted pursuant to section 16a-3d₂
621 (8) whether the proposal promotes electric distribution system
622 reliability and other electric distribution system benefits including, but
623 not limited to, microgrids, (9) whether the proposal promotes the
624 policy goals outlined in the state-wide solid waste management plan
625 developed pursuant to section 22a-241a, and (10) the positive reuse of
626 sites with limited development opportunities, including, but not
627 limited to, brownfields or landfills, as identified by the commissioner
628 in any solicitation issued pursuant to this section. The commissioner
629 may select proposals from such resources to meet up to [four] seven
630 per cent of the load distributed by the state's electric distribution
631 companies, provided the commissioner shall not select proposals for
632 more than six per cent of the load distributed by the state's electric
633 distribution companies from offshore wind resources. The
634 commissioner may direct the electric distribution companies to enter
635 into power purchase agreements for energy, capacity and
636 environmental attributes, or any combination thereof, for periods of
637 not more than [ten] twenty years on behalf of all customers of the
638 state's electric distribution companies. Certificates issued by the New
639 England Power Pool Generation Information System for any Class I
640 renewable energy sources procured under this section [shall] may be:
641 [sold] (A) Sold in the New England Power Pool Generation
642 Information System renewable energy credit market to be used by any
643 electric supplier or electric distribution company to meet the
644 requirements of section 16-245a, as amended by this act, provided the
645 revenues from such sale are credited to all customers of the contracting
646 electric distribution company; or (B) retained by the electric
647 distribution company to meet the requirements of section 16-245a, as

648 amended by this act. In considering whether to sell or retain such
 649 certificates, the electric distribution company shall select the option
 650 that is in the best interest of such company's ratepayers. Any such
 651 agreement shall be subject to review and approval by the Public
 652 Utilities Regulatory Authority, which review shall be completed not
 653 later than sixty days after the date on which such agreement is filed
 654 with the authority. The net costs of any such agreement, including
 655 costs incurred by the electric distribution companies under the
 656 agreement and reasonable costs incurred by the electric distribution
 657 companies in connection with the agreement, shall be recovered
 658 through a fully reconciling component of electric rates for all
 659 customers of electric distribution companies. All reasonable costs
 660 associated with the commissioner's solicitation and review of
 661 proposals pursuant to this section shall be recoverable through
 662 nonbypassable federally mandated congestion charges, as defined in
 663 subsection (a) of section 16-1, as amended by this act."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2017</i>	16-244r(c)
Sec. 3	<i>October 1, 2017</i>	New section
Sec. 4	<i>from passage</i>	16-1(a)(20) and (21)
Sec. 5	<i>from passage</i>	16-245a(a)
Sec. 6	<i>from passage</i>	16-244c(h)(1)
Sec. 7	<i>from passage</i>	16-245(k)
Sec. 8	<i>from passage</i>	16a-3h