



# 2015 Connecticut Legislative Session and June Special Session

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# 2015 was an education year

THE ENERGY & TECHNOLOGY COMMITTEE TOOK SMALL PRAGMATIC STEPS IN AN EFFORT TO HELP THE ADMINISTRATION ACCOMPLISH ITS GOALS. WITH ASSISTANCE FROM DEEP, PURA , THE CT GREEN BANK AND NE-ISO, THE COMMITTEE TOOK A CRASH COURSE ON ENERGY.



# Technical Revisions to Energy Statutes

- ▶ Public Act 15-12
- ▶ Conservative changes made this session
- ▶ The Hartford Courant playfully reported our deletion of the term “telegraph”
- ▶ Sections affected: 8-194, 16-244d(b)(2), 16-345, and 16a-41h(a)(1)



# C-PACE revised...

- ▶ Public Act 15-21
  - ▶ This act allows third-party capital providers to participate in the Connecticut Green Bank's commercial sustainable energy program, known as the Commercial Property Assessed Clean Energy (C-PACE) program.
  - ▶ Allows third-party capital providers to provide loans directly to property owners participating in the C-PACE program
  - ▶ Makes various conforming changes to extend to the third-party capital providers the C-PACE law's requirements for financing agreements, procedure, notices and disclosures, and rates.
  - ▶ Lastly, the act allows, instead of requires, the Green Bank to establish a loan loss reserve or other credit enhancement program for properties participating in the C-PACE program.



# Public Information Meetings Re Telecommunication Towers

- ▶ Public Act 15-186
- ▶ This act requires developers of telecommunication towers to pay all administrative expenses of public information meetings held by municipalities that may be affected by the location of a tower.



# Water

- ▶ Revenue Adjustment Charges for Water Companies – Public Act 15-178
  - ▶ The act extends the potential duration of the revenue adjustment mechanism (RAM) that the Public Utilities Regulatory Authority (PURA) approves for PURA-regulated water companies between a company's general rate cases.
- ▶ Service Pipes of Water Companies – Public Act 15-180
  - ▶ This act allows water companies regulated by the Public Utilities Regulatory Authority (PURA) to approve a property owner's application to install a service pipe that extends to the owner's dwelling by crossing intervening properties.
- ▶ Small Community Water Systems – Public Act 15-89
  - ▶ This act allows the Public Utilities Regulatory Authority (PURA), on its own initiative or at the Department of Public Health commissioner's request, to investigate whether a small community water system's rates are sufficient for the system to maintain its economic viability and provide adequate service to its customers.



# Anaerobic Digestion

- ▶ Public Act 15-152
  - ▶ This act extends, by two years, the Connecticut Green Bank's anaerobic digestion pilot program.
  - ▶ The Green Bank's assistance under the program can take the form of loans, grants, or power purchase agreements. It may approve up to five projects, each with a maximum (1) size of three megawatts and (2) cost of \$450 per kilowatt.
  - ▶ The bank must allocate \$2 million annually from the Clean Energy Fund for the program. The Clean Energy Fund receives funds through a charge to ratepayers.



# Shared Clean Energy Facilities

- ▶ Public Act 15-113
- ▶ This act requires the Department of Energy and Environmental Protection (DEEP), in consultation with the electric distribution companies (EDCs, i. e. , Eversource and United Illuminating), to establish a two-year pilot program to support the development of shared clean energy facilities.
- ▶ The act requires DEEP, by January 1, 2016, to develop and issue a request for proposals (RFP) to develop shared clean energy facilities from entities that own or operate such facilities to benefit subscribers or contract with third parties to build, own, or operate them. Under the RFP, DEEP must select a project or projects with a total nameplate capacity rating (i. e. , generating capacity) of up to six megawatts (MW), including up to:
  - ▶ 1. two MW in the service area of an EDC that serves 17 or fewer cities and towns (United Illuminating) and
  - ▶ 2. four MW in the service area of an EDC that serves more than 17 cities and towns (Eversource).
- ▶ Under the act, DEEP must establish (1) a billing credit for the facilities' subscribers and (2) consumer protections for subscribers and potential subscribers that at least include disclosures that must be made when selling or reselling a subscription.



# SHREC

- Public Act – 15-194
  - Program to support up to 300 megawatts (MW) of new residential solar photovoltaic (PV) installations by the end of 2022.
  - Creates solar home renewable energy credits (SHRECs) which are owned by the Green Bank and generated when certain residential PV systems produce electricity
  - Requires (EDCs, i.e., Eversource and United Illuminating) to purchase SHRECs from the Green Bank under a master purchase agreement negotiated between each EDC and the Green Bank
  - Expands the residential solar program's funding sources to include proceeds from the Green Bank's sale of SHRECs to the EDCs



## Transparency

- ▶ Public Act 15-135
- ▶ This act increases the number of off-site hearings that the Public Utilities Regulatory Authority (PURA) must hold on matters involving changes to an electric distribution company's (i. e. , Eversource and United Illuminating) rates, charges, or public accommodation (i. e. , rate cases).
- ▶ Requires hearings in at least two towns for a company that serves 17 or fewer towns (United Illuminating) and three towns for a company that serves more than 17 towns (Eversource).



- ▶ Public Act 15-107
- ▶ This act allows the Department of Energy and Environmental Protection (DEEP) commissioner, in consultation with others, to solicit proposals from providers of energy and energy-related products and services and direct the electric companies to (1) enter into long-term agreements with these providers, subject to the Public Utility Regulatory Authority's (PURA) review and approval and (2) recover related costs and credit certain revenues, through a component of ratepayer electric bills. It specifies three categories for solicitations:
  - ▶ 1. demand response measures and smaller renewable energy sources;
  - ▶ 2. larger renewable energy sources and hydropower; and
  - ▶ 3. natural gas resources.
- ▶ It also allows the commissioner to seek proposals for energy storage, Class II renewable energy sources , and existing hydropower in certain circumstances.



# Variable Rate Contracts

- ▶ Public Act 15-90
- ▶ Starting October 1, 2015, this act prohibits retail electric suppliers from
  - ▶ (1) entering into variable rate contracts for residential electric generation services
  - ▶ (2) automatically renewing or causing automatic renewal of such contracts.
- ▶ The act specifies that a “residential customer” is one who contracts with a supplier for generation services at residential premises for domestic purposes only.
- ▶ The act requires the Public Utilities Regulatory Authority (PURA), by October 1, 2015, to begin a proceeding to develop recommendations and guidance on
  - ▶ (1) the type of rate structure best suited for residential customers who allow a fixed contract with a supplier to expire and begin paying a month-to-month rate and
  - ▶ (2) what rate increase is just and reasonable under these circumstances. (PA 15-5, June Special Session, § 108, requires PURA's recommendations and guidance to be about what changes customers in these circumstances may experience regarding their rates and the terms and conditions of their service, instead of what rate increase is just and reasonable. )



# Special Session

- ▶ Senate Bill 1502 – June Special Session Public Act 15-5, LCO 9647
  - ▶ Section 56 – Identification Verification for Utilities
- ▶ Under the bill, public service companies (i.e., utilities) that require a potential customer to disclose his or her Social Security number (SSN) must verify the SSN before opening a new account to ensure that it does not belong to a minor (i.e., someone under the age of 18). The bill requires public service companies to cross reference the provided number with the customer's (1) legal name, (2) aliases, (3) date of birth, (4) current address, and (5) phone number. Under the bill, the public service company may use a third-party company to verify this information.
- ▶ The bill also makes minors immune from liability for payment of an unpaid bill to a public service company for services an adult obtained by fraudulently using the minor's SSN.
- ▶ EFFECTIVE DATE: October 1, 2015



# Special Session

- ▶ Senate Bill 1502 – June Special Session Public Act 15-5, LCO 9647
- ▶ Sections 102 and 103
- ▶ The bill allows electric distribution companies to submit proposals to DEEP for a pilot program to build, own, or operate grid-side system enhancements.
- ▶ “grid-side system enhancements” are investments in distribution system infrastructure, technology, and systems designed to enable DER deployment and allow for grid management and system balancing. They include energy storage systems, distribution system automation and controls, intelligent field systems, advanced distribution system metering, communication, and systems that enable two-way power flow.



# Sections 102 and 103

- ▶ A “distributed energy resource” is a:
- ▶ 1. customer-side or grid-side distributed resource that generates electricity from a Class I renewable energy source or Class III source (e.g., certain combined heat and power systems);
- ▶ 2. customer-side distributed resource that reduces demand for electricity through conservation and load management (e.g., programs that pay customers to reduce their usage during times of peak demand);
- ▶ 3. energy storage system located on the customer-side of the meter or connected to the distribution system; or
- ▶ 4. microgrid.



# Sections 102 and 103

- ▶ DEEP must evaluate the proposals and may approve them if they show how (1) grid-side system enhancements can be reliably and cost-effectively integrated into the electric distribution system and (2) they maximize the value provided to ratepayers. Any proposal DEEP approves must also be reviewed and approved by the Public Utilities Regulatory Authority (PURA). PURA must approve a proposal if it concludes that investing in the enhancement is reasonable, prudent, and provides value to ratepayers.
- ▶ The bill allows the EDCs to enter into joint ownership agreements, partnerships, or other contractual agreements for services with private entities to carry out the proposals. Until its next rate case, an EDC must recover its costs for the proposals from all of its customers through a fully reconciling component of all EDC customers' electric rates. At the next rate case, the costs must be recoverable through the company's base distribution rates (i.e., they are incorporated into the company's regular distribution rates).
- ▶ DEEP must evaluate the approved proposals and submit a report to the Energy and Technology Committee by January 1, 2017. The report must evaluate the performance, costs, and benefits associated with grid-side system enhancements procured under the bill.
- ▶ EFFECTIVE DATE: July 1, 2015



# Section 104 – Property tax abatement

- ▶ The law requires the DEEP commissioner, under certain conditions, to solicit proposals from Class I renewable energy sources built on or after January 1, 2013. If a proposal meets certain conditions, the commissioner can require an EDC to enter into a PURA-approved power purchase agreement with the proposal's Class I facility.
- ▶ For assessment years starting on and after October 1, 2015, the bill allows municipalities to abate up to 100% of the property taxes due for any tax year for any Class I renewable energy source subject to one of these power purchase agreements. The abatement (1) cannot be for longer than the power purchase agreement's term and (2) must be approved by vote of the municipality's legislative body, or if the legislative body is a town meeting, by a vote of its board of selectmen.
- ▶ EFFECTIVE DATE: Upon passage



# Section 105 – Limited Residential Fixed Charge

- ▶ The next time an EDC files a request to amend its rates, the bill requires PURA to adjust the company's residential fixed charge so that it only recovers the fixed costs and operation and maintenance expenses directly related to metering, billing, service connections, and providing customer service. Under the bill, a “residential fixed charge” is any fixed fee charged to residential electric customers, including a (1) fixed charge for distribution basic service, (2) distribution customer service charge, (3) customer charge, or (4) basic service fee that is separate and distinct from any per kilowatt-hour distribution charge. The bill exempts rates for residential electric heating services from the fixed charge limit.
- ▶ The bill prohibits PURA, when determining an EDC's new residential fixed charges, from causing a cost-shift to other rate classes.
- ▶ EFFECTIVE DATE: July 1, 2015



# Section 106 – Tax Abatement for Natural Gas Expansion

- ▶ The bill allows municipalities, by a vote of their legislative bodies or, if the legislative body is a town meeting, their boards of selectmen, to abate up to 100% of a gas company's annual personal property taxes to facilitate natural gas expansion projects. The municipality can abate the taxes for up to 25 tax years. The gas company must include the abatement when calculating the hurdle rate for gas expansion projects within the municipality.
- ▶ In general, when a gas company seeks to expand its distribution system, the “hurdle rate” refers to the amount of projected new distribution revenues needed over a 25-year period to pay for the expansion. If the expansion will not pay for itself in this period, the new customers served by the expansion must pay for the shortfall through an additional contribution-in-aid-of-construction (CIAC) charge. (Presumably, including a property tax abatement in a hurdle rate calculation will lower the hurdle rate and thus decrease the (1) likelihood that new customers must pay a CIAC or (2) amount of the CIAC, if applicable.)
- ▶ EFFECTIVE DATE: July 1, 2015 and applicable to assessment years commencing on or after October 1, 2015.



# Section 107 – Heating Assistance Programs

- ▶ The bill requires the Low-Income Energy Advisory Board to recommend ways to improve the implementation of heating assistance programs, particularly those created to benefit low-income households, by coordinating and optimizing existing energy efficiency and assistance programs.
- ▶ The board must report its recommendations to the Appropriations, Energy and Technology, and Human Services committees by January 1, 2016.
- ▶ EFFECTIVE DATE: October 1, 2015



# Section 109 – Municipal Utility Security Deposits

- ▶ The bill allows customers of municipal gas or electric utility companies to pay their required security deposits by cash, letter of credit, or surety bond.
- ▶ It also allows municipal electric companies that are members of a municipal electric energy cooperative to return half of a nonresidential customer's security deposit if the customer's account remains in good standing for two years. (Currently, Wallingford's electric company is the only one of the state's six municipal electric companies that is not a member of the Connecticut Municipal Electric Energy Cooperative.)
- ▶ EFFECTIVE DATE: October 1, 2015



# Sec. 242 – District Heating System Incentive

- ▶ The bill requires each gas company to develop a district heating system incentive program to reduce natural gas demand in the state. It defines a “district heating system” as a thermal loop natural gas demand reduction system that (1) is located in a designated area, (2) is designed to capture at least 30 million British Thermal Units of waste heat, and (3) distributes at least 75% of that waste heat to the premises of end use customers located in the system's service area.
- ▶ Under the bill, each company must submit its plan for an incentive program to the Energy Conservation Management Board and DEEP as part of its statutorily required conservation and load management plan. The board and DEEP have discretion to approve or disprove the plan.
- ▶ The bill requires a company's incentive program to provide a one-time incentive payment to end use customers who connect to a district heating system for heating purposes on or after March 1, 2016.
- ▶ The bill allows a district heating system's owner to charge end use customers a connection charge up to an amount equal to the incentive payment that the customer received. It requires PURA to ensure that the gas company revenue needed to fund the incentive payments is provided through a fully reconciling conservation adjustment mechanism in the company's rates.
- ▶ EFFECTIVE DATE: July 1, 2015



# Sec. 429 – Office of State Broadband

- ▶ The bill establishes an Office of State Broadband within the Office of Consumer Counsel (OCC). It requires the Office of State Broadband to work to increase access to broadband to every state citizen and increase access to, and adoption of, ultra-high-speed gigabit-capable broadband networks.
- ▶ The bill allows OCC to (1) collaborate with public and nonprofit entities and state agencies and (2) provide advisory assistance, including help in procuring grants, to municipalities, local authorities, and private corporations for expanding broadband access in the state and fostering innovative broadband approaches.
- ▶ The bill requires the new office to include a broadband policy coordinator and other staff as OCC deems necessary to perform its duties.
- ▶ EFFECTIVE DATE: July 1, 2015



# Sec. 475 – PURA Quorum

- ▶ The bill allows the Public Utilities Regulatory Authority (PURA) commissioners to privately confer or communicate with each other about matters before PURA without invoking the Freedom of Information Act's (FOIA) requirements for public meetings.
- ▶ By law, these requirements are invoked whenever a quorum of a public agency discusses a matter before it. However, because PURA has only three commissioners, any discussion between two commissioners about a matter could be considered a quorum and thus invoke various FOIA requirements. The bill exempts any conference or communication between PURA commissioners from being considered a meeting under FOIA if it does not occur before the public at a hearing or proceeding.
- ▶ EFFECTIVE DATE: Upon passage



# Sec. 477 – Utility Company Recovery for Tax Increase

- ▶ The bill allows a state-regulated utility company to defer until its next general rate case its recovery of any increased tax expenses under PA 15-244 (the budget act) that are not currently authorized in the company's rates.
- ▶ EFFECTIVE DATE: July 1, 2015

END.