Sec. 102. Subsection (a) of section 16-1 of the general statutes, as amended by sections 2 and 3 of public act 15-107, is amended by adding subdivisions (49) and (50) as follows (Effective July 1, 2015):

(NEW) (49) "Distributed energy resource" means any (A) customer-side distributed resource or grid-side distributed resource that generates electricity from a Class I renewable energy source or Class III source, and (B) customer-side distributed resource that reduces demand for electricity through conservation and load management, energy storage system which is located on the customer-side of the meter or is connected to the distribution system or microgrid.

(NEW) (50) "Grid-side system enhancement" means an investment in distribution system infrastructure, technology and systems designed to enable the deployment of distributed energy resources and allow for grid management and system balancing, including, but not limited to, energy storage systems, distribution system automation and controls, intelligent field systems, advanced distribution system metering, and communication and systems that enable two-way power flow.

Sec. 103. (NEW) (Effective July 1, 2015) (a) Notwithstanding subsection (a) of section 16-244e of the general statutes, each electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, shall submit a proposal or proposals to the Department of Energy and Environmental Protection for a pilot program to build, own or operate grid-side system enhancements, including, but not limited to, energy storage systems, as defined in section 16-1 of the general statutes, as amended by this act, for the purpose of demonstrating and investigating how distributed energy resources, as defined in said section 16-1, can be reliably and efficiently integrated into the operation of the electric distribution system in a manner that maximizes the value provided to the electric grid, electric ratepayers and the public from such resources. Such proposal shall complement and enhance the programs, products and incentives available through the Connecticut Green Bank and the Connecticut Energy Efficiency Fund, pursuant to sections 16-244r, 16-244s and 16-244t of the general statutes, and other similar programs that support the deployment of distributed energy resources.

(b) The department shall evaluate such proposals and may approve such proposals if such proposals demonstrate: (1) How grid-side system enhancements, including, but not limited to, energy storage systems, can be reliably and cost-effectively integrated into the electric distribution system; and (2) that such proposals maximize the value provided to ratepayers. Any proposal that is approved by the department shall be subject to review and approval by the Public Utilities Regulatory Authority, and shall be approved by the authority if the authority concludes that investment in such grid-side system enhancement is reasonable, prudent and provides value to ratepayers.

(c) Each electric distribution company may enter into joint ownership agreements, partnerships or other contractual agreements for services with private entities to carry out the provisions of this section. The costs incurred by the electric distribution companies pursuant to this section shall be recovered from all customers of the contracting electric distribution company through a fully reconciling component of electric rates for all customers of electric distribution companies, until the electric distribution company's next rate case, at which time such costs and investments shall be recoverable through base distribution rates.

(d) Not later than January 1, 2017, the department shall evaluate such approved proposals pursuant to this section and submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy, regarding the performance, costs and benefits associated with grid-side system enhancements, including, but not limited to, energy storage systems procured pursuant to this section.