
OLR Bill Analysis

HB 5456 (as amended by House "A")*

AN ACT AUTHORIZING THE PURCHASE OF THE CAPITOL DISTRICT ENERGY CENTER COGENERATION ASSOCIATES ENERGY PRODUCTION PLANT.

SUMMARY

This bill authorizes the administrative services commissioner to purchase from Capitol District Energy Center Cogeneration Associates (CDECCA) Property Company, LLC the energy production plant in Hartford that produces and provides steam and heated and chilled water for the Capitol Area System (CAS) (see BACKGROUND).

The bill makes conforming changes to give the commissioner broad authority to operate the plant, similar to her powers regarding the CAS. These powers include recouping the costs of acquiring and operating the plant from the state and non-state entities the CAS serves, as described below.

*House Amendment "A" replaces references to a dated purchase and sale agreement with references to a prospective agreement and makes conforming changes.

EFFECTIVE DATE: Upon passage

ENERGY PLANT ACQUISITION

The bill authorizes the commissioner to:

1. assume all supplier agreements and vendor, customer, and third-party contracts related to CAS; and
2. as necessary to carry out the bill and the agreement: (a) perform and undertake any obligation and (b) enter any agreement to accomplish any transaction.

The bill specifies that it does not (1) waive sovereign immunity other

than terms specified in the agreement and (2) limit the state from changing how the plant is used if purchased, including its capacity, in the future.

The bill also broadly authorizes the commissioner to construct or acquire energy production plants in Hartford to provide heating and air conditioning through CAS. (But most of the bill's conforming changes to the commissioner's authority specifically address the power plant owned by CDECCA Property Company, LLC, at 490 Capitol Avenue.)

Rate Setting and Expenses

By law, the commissioner must periodically bill and collect CAS costs from state agencies and owners of non-state buildings using the CAS. The bill, if the agreement is finalized, authorizes the commissioner to collect from these entities a pro-rata share of the acquisition, operating, maintenance, and repair costs related to the plant, including the legal and consultant costs for acquiring the plant.

Under existing law, unchanged by the bill, the commissioner must submit her proposed rates and rate-setting methods to the Office of Policy and Management secretary for approval, who must approve or disapprove the method or rate within 45 days.

Except for charges recouping the power plant's acquisition costs, which must be deposited into the General Fund, collected charges are deposited into the public works heating and cooling energy revolving account. The bill, if the agreement is finalized, correspondingly expands the purposes for which the commissioner may use the account to pay for the plant's operational, maintenance, repair, and improvement expenses.

BACKGROUND

Capitol Area District Heating and Cooling System

The Capitol Area District Heating and Cooling System, referred to as CAS, is a state-owned thermal energy supply system. The system has two closed-loop distribution systems (heated water and chilled water) and a pump house. The loop consists of over three miles of underground

pipng. CAS supplies heating and cooling services to ten state-owned and five privately owned buildings in the Capitol District.

Under an agreement that expires September 30, 2022, CAS purchases the steam and heated and chilled water from the CDECCA energy production plant.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 19 Nay 0 (03/28/2022)