



House Bill No. 6524

Public Act No. 21-162

***AN ACT CONCERNING THE SOLICITATION OF NEW FUEL CELL
ELECTRICITY GENERATION PROJECTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-244y of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

[An electric distribution company may submit to the Public Utilities Regulatory Authority for approval one or more plans to acquire new fuel cell electricity generation that began operation on or after July 1, 2017. Any such plan shall utilize a competitive process for the purpose of providing distribution system benefits, including, but not limited to, avoiding or deferring distribution capacity upgrades, and enhancing distribution system reliability, including, but not limited to, voltage or frequency improvements. Any such plan shall give preference to proposals that make efficient use of existing sites and supply infrastructure. In the event that the authority approves such plan, an electric distribution company may submit to the authority (1) one or more proposals to build, own and operate new fuel cell generation, (2) proposed power purchase agreements negotiated with persons to build, own and operate new fuel cell generation, or (3) proposals to provide financial incentives for the installation of combined heat and power systems powered by fuel cells, provided any such incentives shall be

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consistent with the Comprehensive Energy Strategy pursuant to section 16a-3d. The facilities acquired, built pursuant to said power purchase agreements and that receive said financial incentives under this section shall not exceed a total nameplate capacity rating of thirty megawatts in the aggregate. Any proposal submitted by an electric distribution company to build, own and operate a fuel cell shall include the electric distribution company's full projected costs and shall demonstrate to the authority that such facility is not supported in any form of cross subsidization by affiliated entities. The authority shall evaluate any proposal submitted pursuant to this section in a manner that is consistent with the principles of sections 16-19 and 16-19e and may approve one or more proposals if it finds that such proposal (A) was developed in a manner that is consistent with the acquisition plan approved by the authority, (B) serves the long-term interests of ratepayers, and (C) cost-effectively avoids or defers distribution system costs.]

(a) Each electric distribution company shall solicit proposals to acquire new fuel cell electricity generation projects that began operation on or after July 1, 2021. All such projects shall be selected utilizing a competitive process that gives preference to fuel cell electricity generation projects that utilize equipment manufactured in the state or sited on brownfields, as defined in section 32-760, or landfills. On or before January 1, 2022, each electric distribution company shall submit the selected projects and associated tariffs to the Public Utilities Regulatory Authority for approval.

(b) On or before August 1, 2021, all electric distribution companies shall jointly file with the authority for approval a proposed tariff for use in the solicitation authorized in subsection (a) of this section. The facilities acquired under this section shall not exceed a total nameplate capacity rating of thirty megawatts in the aggregate apportioned among each electric distribution company in proportion to distribution load.

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Any proposed projects submitted by an electric distribution company shall include the electric distribution company's full projected costs and shall demonstrate to the authority that such facility is not supported in any form of cross subsidization by affiliated entities, except that the costs associated with those benefits which the authority determines that a proposed fuel cell project confers on the natural gas system may be recovered from all gas customers through the purchased gas adjustment clause established pursuant to section 16-19b and such costs shall be apportioned relative to the revenues of each gas company as reported to the authority pursuant to section 16-49 for the most recent fiscal year.

(c) The authority may approve any such projects for the purpose of (1) providing commercial or industrial electric or gas customers with on-site generation that increases power quality or resilience, as defined in section 16-243y, or reduces energy costs for such customers, (2) providing emergency service facilities or commercial or industrial electric or gas customers with back-up power, or (3) enhancing distribution system reliability, including, but not limited to, electric voltage or frequency improvements, support of microgrids or other measures that support electric or gas system resiliency. The authority shall evaluate any projects submitted pursuant to this section in a manner that is consistent with the provisions of sections 16-19 and 16-19e.

(d) The costs prudently incurred by an electric distribution company under this section shall be recovered from all customers of the electric distribution company through a fully reconciling component of electric rates for all customers of the electric distribution company, until the electric distribution company's next rate case, at which time any costs and investments for new fuel cell generation owned by the electric distribution company pursuant to [subdivision (1) of] this section [shall] may be recoverable through base distribution rates, as determined by the authority. Nothing in this section shall preclude the resale or other

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disposition of any energy products, capacity and associated environmental attributes purchased by the electric distribution company, [provided the electric distribution company shall net the cost of payments made to projects under any long-term contracts entered into pursuant to subdivision (2) of this section against the proceeds of the sale of any energy products, capacity and environmental attributes and the difference thereof plus any net costs incurred pursuant to subdivision (3) of this section shall be credited or charged to distribution customers through a reconciling component of electric rates, as determined by the authority, that is nonbypassable when switching electric suppliers] if so ordered by the authority. The electric distribution company may use any energy products, capacity and environmental attributes produced by such facility to meet the needs of customers served pursuant to section 16-244c, and as determined by the authority. Notwithstanding the provisions of subdivision (1) of subsection (h) of section 16-244c, certificates issued by the New England Power Pool Generation Information System for any Class I renewable energy source acquired pursuant to this section may be retained by the electric distribution company to meet the requirements of section 16-245a, and as determined by the authority.