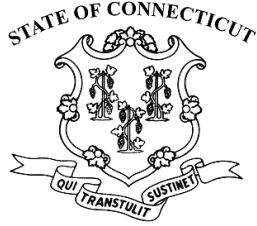


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Working Draft

Bill No.

General Assembly

*September Special Session,
2020*

LCO No. **4202**

Referred to Committee on

Introduced by:

REP. ARCONTI, 109th Dist.

SEN. NEEDLEMAN, 33rd Dist.

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**5AN ACT CONCERNING EMERGENCY RESPONSE BY ELECTRIC
6DISTRIBUTION COMPANIES AND REVISING THE REGULATION OF
7OTHER PUBLIC UTILITIES.**

8Be it enacted by the Senate and House of Representatives in
9General Assembly convened:

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12 Section 1. (NEW) (*Effective from passage*) (a) (1) For the
13 purposes of this section, "electric distribution company" has
14 the same meaning as provided in section 16-1 of the general
15 statutes and "emergency" has the same meaning as provided
16 in section 16-32e of the general statutes.

17 (2) "Resilience" means the ability to prepare for and adapt
18 to changing conditions and withstand and recover rapidly
19 from deliberate attacks, accidents or naturally occurring
20 threats or incidents, including, but not limited to, threats or
21 incidents associated with the impacts of climate change.

22 (b) Not later than June 1, 2021, the Public Utilities
23 Regulatory Authority shall initiate a proceeding to investigate,
24 develop and adopt a framework for implementing
25 performance-based regulation of each electric distribution
26 company. Such framework adopted by the authority shall: (1)
27 Establish standards and metrics for measuring such electric
28 distribution company's performance of objectives that are in
29 the interest of ratepayers or benefit the public, which may
30 include, but not be not limited to, safety,
31 reliability, emergency response, cost efficiency, affordability,
32 equity, customer satisfaction, municipal engagement,
33 resilience and advancing the state's environmental and policy
34 goals, including, but not limited to, those goals established in
35 section 22a-200a of the general statutes, in the Integrated
36 Resources Plan approved pursuant to section 16a-3a of the
37 general statutes and in the Comprehensive Energy Strategy
38 prepared pursuant to section 16a-3d of the general statutes;
39 (2) identify the manner, including the timeframe and extent,
40 in which such standards and metrics shall be used to apply
41 the principles and guidelines set forth in section 16-19e of the
42 general statutes and to determine the relative adequacy of
43 the company's service and the reasonableness and adequacy
44 of rates proposed and considered pursuant to section 16-19a
45 of the general statutes; and (3) identify specific mechanisms
46 to be implemented to align utility performance with the

47standards and metrics adopted pursuant to this section and
48subsection (b) of section 16-19a of the general statutes,
49including, but not limited to, reviewing the effectiveness of
50the electric distribution company's revenue decoupling
51mechanism. The authority may also initiate a proceeding
52to investigate, develop and adopt a framework for
53implementation of performance-based regulation for gas and
54water companies, as defined by section 16-1 of the general
55statutes, consistent with the requirements and provisions of
56this section.

57 Sec. 2. Subsections (a) and (b) of section 16-19 of the
58general statutes are repealed and the following is substituted
59in lieu thereof (*Effective from passage*):

60 (a) No public service company may charge rates in excess
61of those previously approved by the Public Utilities Control
62Authority or the Public Utilities Regulatory Authority, except
63that any rate approved by the Public Utilities Commission, the
64Public Utilities Control Authority or the Public Utilities
65Regulatory Authority shall be permitted until amended by the
66Public Utilities Regulatory Authority, that rates not approved
67by the Public Utilities Regulatory Authority may be charged
68pursuant to subsection (b) of this section, and that the
69hearing requirements with respect to adjustment clauses are
70as set forth in section 16-19b. For water companies, existing
71rates shall include the amount of any adjustments approved
72pursuant to section 16-262w since the company's most recent
73general rate case, provided any adjustment amount shall be
74separately identified in any customer bill. Each public service
75company shall file any proposed amendment of its existing
76rates with the authority in such form and in accordance with
77such reasonable regulations as the authority may prescribe.
78Each electric distribution, gas or telephone company filing a
79proposed amendment shall also file with the authority an
80estimate of the effects of the amendment, for various levels of
81consumption, on the household budgets of high and moderate

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82income customers and customers having household incomes
83not more than one hundred fifty per cent of the federal
84poverty level. Each electric distribution company shall also file
85such an estimate for space heating customers. Each water
86company, except a water company that provides water to its
87customers less than six consecutive months in a calendar
88year, filing a proposed amendment, shall also file with the
89authority a plan for promoting water conservation by
90customers in such form and in accordance with a
91memorandum of understanding entered into by the authority
92pursuant to section 4-67e. Each public service company shall
93notify each customer who would be affected by the proposed
94amendment, by mail, at least one week prior to the first public
95hearing thereon, but not earlier than six weeks prior to such
96first public hearing, that an amendment has been or will be
97requested. Such notice shall also indicate (1) the date, time
98and location of any scheduled public hearing, (2) a statement
99that customers may provide written comments regarding the
100proposed amendment to the Public Utilities Regulatory
101Authority or appear in person at any scheduled public hearing,
102(3) the Public Utilities Regulatory Authority telephone number
103for obtaining information concerning the schedule for public
104hearings on the proposed amendment, and (4) whether the
105proposed amendment would, in the company's best estimate,
106increase any rate or charge by twenty per cent or more, and,
107if so, describe in general terms any such rate or charge and
108the amount of the proposed increase, provided no such
109company shall be required to provide more than one form of
110the notice to each class of its customers. In the case of a
111proposed amendment to the rates of any public service
112company, the authority shall hold one or more public hearings
113thereon, except as permitted with respect to interim rate
114amendments by subsections (d) and (g) of this section, and
115shall make such investigation of such proposed amendment of
116rates as is necessary to determine whether such rates
117conform to the principles and guidelines set forth in section

11816-19e, or are unreasonably discriminatory or more or less
119than just, reasonable and adequate, or that the service
120furnished by such company is inadequate to or in excess of
121public necessity and convenience, provided the authority may
122(A) evaluate the reasonableness and adequacy of the
123performance or service of the public service company using
124any applicable metrics or standards adopted by the authority
125pursuant to section 1 of this act, and (B) determine the
126reasonableness of the allowed rate of return of the public
127service company based on such performance evaluation. The
128authority, if in its opinion such action appears necessary or
129suitable in the public interest may, and, upon written petition
130or complaint of the state, under direction of the Governor,
131shall, make the aforesaid investigation of any such proposed
132amendment which does not involve an alteration in rates. If
133the authority finds any proposed amendment of rates to not
134conform to the principles and guidelines set forth in section
13516-19e, or to be unreasonably discriminatory or more or less
136than just, reasonable and adequate to enable such company
137to provide properly for the public convenience, necessity and
138welfare, or the service to be inadequate or excessive, it shall
139determine and prescribe, as appropriate, an adequate service
140to be furnished or just and reasonable maximum rates and
141charges to be made by such company. In the case of a
142proposed amendment filed by an electric distribution, gas or
143telephone company, the authority shall also adjust the
144estimate filed under this subsection of the effects of the
145amendment on the household budgets of the company's
146customers, in accordance with the rates and charges
147approved by the authority. The authority shall issue a final
148decision on each electric distribution or gas company rate
149filing within [one] three hundred fifty days from the proposed
150effective date thereof. [, provided it may, before the end of
151such period and upon notifying all parties and intervenors to
152the proceedings, extend the period by thirty days.] The
153authority shall issue a final decision on all public service

154 company rate filings, except electric distribution or gas
155 company rate filings, within two hundred days from the
156 proposed effective date thereof.

157 (b) If the authority has not made its finding respecting an
158 amendment of any electric distribution or gas company rate
159 within ~~one~~ three hundred fifty days from the proposed
160 effective date of such amendment thereof, or ~~within one~~
161 hundred eighty days if the authority extends the period in
162 accordance with the provisions of subsection (a) of this
163 section] if the authority has not made its finding respecting an
164 amendment of any public service company rate, except
165 electric distribution or gas company rate, within two hundred
166 days from the proposed effective date of such amendment
167 thereof, such amendment may become effective pending the
168 authority's finding with respect to such amendment upon the
169 filing by the company with the authority of assurance
170 satisfactory to the authority, which may include a bond with
171 surety, of the company's ability and willingness to refund to
172 its customers with interest such amounts as the company
173 may collect from them in excess of the rates fixed by the
174 authority in its finding or fixed at the conclusion of any appeal
175 taken as a result of a finding by the authority.

176 Sec. 3. Subsections (a) and (b) of section 16-19a of the
177 general statutes are repealed and the following is substituted
178 in lieu thereof (*Effective November 1, 2020*):

179 (a) (1) The Public Utilities Regulatory Authority shall, at
180 intervals of not more than four years from the last previous
181 general rate hearing of each gas and electric distribution
182 company having more than seventy-five thousand customers,
183 conduct a complete review and investigation of the financial
184 and operating records of each such company and hold a
185 public hearing to determine whether the rates of each such
186 company are unreasonably discriminatory or more or less
187 than just, reasonable and adequate, or that the service

188furnished by such company is inadequate to or in excess of
189public necessity and convenience or that the rates do not
190conform to the principles and guidelines set forth in section
19116-19e. In making such determination, the authority shall
192consider the gross and net earnings of such company since its
193last previous general rate hearing, its retained earnings, its
194actual and proposed capital expenditures, its advertising
195expenses, the dividends paid to its stockholders, the rate of
196return paid on its preferred stock, bonds, debentures and
197other obligations, its credit rating, and such other financial
198and operating information as the authority may deem
199pertinent.

200 (2) The authority may conduct a general rate hearing in
201accordance with subsection (a) of section 16-19, in lieu of the
202periodic review and investigation proceedings required under
203subdivision (1) of this subsection.

204 (b) In ~~the~~ any proceeding required under subdivision (1)
205of subsection (a) of this section, or in any rate hearing
206pursuant to section 16-19, the authority ~~may approve~~
207performance-based incentives to encourage a gas or electric
208distribution company to operate efficiently and provide high
209quality service at fair and reasonable prices] shall consider
210the implementation of financial performance-based incentives
211and penalties and performance-based metrics.
212Notwithstanding subsection (a) of this section, if the authority
213approves such performance-based incentives and penalties
214for a particular company, the authority shall include in such
215approval a framework for periodic monitoring and review of
216the company's performance ~~in regard to criteria specified by~~
217the authority, which shall include, but not be limited to, the
218company's return on equity, reliability and quality of service.
219The authority's periodic monitoring and review shall be used
220in lieu of the periodic review and investigation proceedings
221required under subdivision (1) of subsection (a) of this section.
222If the authority determines in the periodic monitoring and

223review that a more extensive review of company performance
224is necessary, the authority may institute a further proceeding
225in accordance with the purposes of this chapter, including a
226complete review and investigation described in subdivision (1)
227of subsection (a) of this section] pursuant to metrics
228developed by the authority.

229 Sec. 4. (NEW) (*Effective from passage*) Notwithstanding any
230provision of the general statutes, in exercising its discretion
231regarding whether to allow the recovery through rates of any
232portion of the compensation package for executives or officers
233or of any portion of any incentive compensation for
234employees of any electric distribution company, gas company
235or water company, as defined in section 16-1 of the general
236statutes, the Public Utilities Regulatory Authority shall
237consider whether to require that any such compensation that
238is recoverable through rates be dependent upon the
239achievement of performance targets established pursuant to
240section 1 of this act.

241 Sec. 5. (NEW) (*Effective from passage*) Not later than
242November 1, 2020, the Public Utilities Regulatory Authority
243may initiate a proceeding or proceedings to consider the
244implementation of an interim rate decrease, low-income rates
245and economic development rates for customers of electric
246distribution companies, pursuant to its authority in subsection
247(g) of section 16-19 of the general statutes and sections 16-
24819e and 16-19oo of the general statutes.

249 Sec. 6. Subsection (b) of section 16-43 of the general
250statutes is repealed and the following is substituted in lieu
251thereof (*Effective November 1, 2020*):

252 (b) A public service company shall obtain the approval of
253the Public Utilities Regulatory Authority to (1) issue any notes,
254bonds or other evidences of indebtedness or securities of any
255nature, (2) lend or borrow any moneys for a period of more

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256than one year for any purpose other than paying the
257expenses, including taxes, of conducting its business or for
258the payment of dividends, or (3) amend any provision of an
259indenture or similar financial instrument if such amendment
260would affect the issuance or terms of any such notes, bonds
261or other evidences of indebtedness or securities. The
262authority shall approve or disapprove each such issue or
263amendment within ~~thirty~~ sixty days after the filing of a
264written application for such approval unless the applicant
265agrees to an extension of time. If not disapproved within said
266~~thirty~~ sixty days or within such extension, such issue shall
267be deemed to be approved. The authority shall not require a
268company to issue its common stock under terms or conditions
269not required by the general statutes. The provisions of this
270subsection shall apply to a community antenna television
271company only with regard to any noncable communications
272services which the company may provide.

273 Sec. 7. Subsection (d) of section 16-47 of the general
274statutes is repealed and the following is substituted in lieu
275thereof (*Effective January 1, 2021*):

276 (d) The Public Utilities Regulatory Authority shall investigate
277and hold a public hearing on the question of granting its
278approval with respect to any application made under
279subsection (b) or (c) of this section and thereafter may
280approve or disapprove any such application in whole or in part
281and upon such terms and conditions as it deems necessary or
282appropriate. In connection with its investigation, the authority
283may request the views of the gas, electric distribution, water,
284telephone or community antenna television company or
285holding company which is the subject of the application with
286respect to the proposed acquisition. After the filing of an
287application satisfying the requirements of such regulations as
288the authority may adopt in accordance with the provisions of
289chapter 54, but not later than thirty business days after the
290filing of such application, the authority shall give prompt

291notice of the public hearing to the person required to file the
292application and to the subject company or holding company.
293Such hearing shall be commenced as promptly as practicable
294after the filing of the application, but not later than **[thirty]**
295~~sixty~~ business days after the filing, and the authority shall
296make its determination as soon as practicable, but not later
297than **[one] two** hundred **[twenty]** days after the filing of the
298application, provided it may, before the end of such period
299and upon notifying all parties and intervenors to the
300proceedings, extend the period by thirty days, or unless the
301person required to file the application agrees to an extension
302of time. The authority may, in its discretion, grant the subject
303company or holding company the opportunity to participate in
304the hearing by presenting evidence and oral and written
305argument. If the authority fails to give notice of its
306determination to hold a hearing, commence the hearing, or
307render its determination after the hearing within the time
308limits specified in this subdivision, the proposed acquisition
309shall be deemed approved. In each proceeding on a written
310application submitted under said subsection (b) or (c), the
311authority shall, in a manner which treats all parties to the
312proceeding on an equal basis, take into consideration (1) the
313financial, technological and managerial suitability and
314responsibility of the applicant, (2) the ability of the gas,
315electric distribution, water, telephone or community antenna
316television company or holding company which is the subject
317of the application to provide safe, adequate and reliable
318service to the public through the company's plant, equipment
319and manner of operation if the application were to be
320approved, and (3) for an application concerning a telephone
321company, the effect of approval on the location and
322accessibility of management and operations and on the
323proportion and number of state resident employees. On and
324after January 1, 2021, the authority shall only grant its
325approval of an application made under subsection (c) of this
326section if the holding company effects a change in the

327composition of the board of directors to include a proportional
328percentage of Connecticut-based directors equivalent to the
329percentage that Connecticut service areas represent of the
330total service areas covered by the holding company.

331 Sec. 8. Section 16-243p of the general statutes is repealed
332and the following is substituted in lieu thereof (*Effective*
333*November 1, 2020*):

334 (a) An electric distribution company may recover its costs
335and investments that have been prudently incurred as well as
336its revenues lost resulting from the provisions of sections 16-
3371, 16-19ff, 16-50k, 16-50x, 16-243h to 16-243q, inclusive, 16-
338244c, 16-244u, 16-244x, 16-245d, 16-245m, 16-245n, 16-
339245z, 16-262i, 16a-40l and 16a-40m and section 21 of public
340act 05-1 of the June special session. The Public Utilities
341Regulatory Authority shall, after a hearing held pursuant to
342the provisions of chapter 54, determine the appropriate
343mechanism to obtain such recovery in a timely manner which
344mechanism may be one or more of the following: (1) Approval
345of rates as provided in sections 16-19 and 16-19e; (2) the
346energy adjustment clause as provided in section 16-19b; or
347(3) the federally mandated congestion charges, as defined in
348section 16-1.

349 (b) No electric distribution company shall recover its costs
350associated with its attendance or participation in any rate-
351making hearing before the authority.

352 **[(b)] (c)** Electric distribution companies shall be authorized
353to earn an incentive, as provided in section 16-19kk, for costs
354prudently incurred by such companies pursuant to this
355section.

356 Sec. 9. Section 16-32i of the general statutes is repealed
357and the following is substituted in lieu thereof (*Effective from*
358*passage*):

359 The Public Utilities Regulatory Authority shall review the
360 performance of each electric distribution company and gas
361 company, as those terms are defined in section 16-1, after
362 any emergency, as defined in section 16-32e, (1) in which
363 more than ten per cent of any such company's customers
364 were without service for more than forty-eight consecutive
365 hours, or (2) at the authority's discretion. The authority, upon
366 a finding that any such company failed to comply with any
367 standard of acceptable performance in emergency
368 preparation or restoration of service in an emergency,
369 adopted pursuant to section 16-32h, or with any order of the
370 authority, shall make orders, after a hearing that is conducted
371 as a contested case in accordance with chapter 54, to enforce
372 such standards or orders and may levy civil penalties against
373 such company, pursuant to section 16-41, not to exceed a
374 total of ~~two and one-half~~ four per cent of such electric
375 distribution or gas company's annual distribution revenue, for
376 noncompliance in any such emergency. In determining the
377 amount of any penalty, the authority shall consider whether
378 such company received approval and reasonable funding
379 allowances, as determined by the authority, from the
380 authority to meet infrastructure resiliency efforts to improve
381 such company's performance. Any such penalty shall be
382 assessed in the form of ~~a credit to~~ credits to the accounts of
383 ratepayers of such electric distribution or gas company. Any
384 such penalty shall not be included as an operating expense of
385 such company for purposes of ratemaking.

386 Sec. 10. (NEW) (*Effective from passage*) (a) For the
387 purposes of this section, "emergency" has the same meaning
388 as provided in subdivision (1) of subsection (a) of section 16-
389 32e of the general statutes and "electric distribution
390 company" has the same meaning as provided in section 16-1
391 of the general statutes.

392 (b) Notwithstanding any other provision of the general
393 statutes, on and after July 1, 2021, each electric distribution

394company shall provide to residential customers of such
395company a credit of twenty-five dollars, on the balance of
396such customer's account, for each day of distribution-system
397service outage that occurs for such customers for more than
398ninety-six consecutive hours after the occurrence of an
399emergency.

400 (c) Any costs incurred by an electric distribution company
401pursuant to this section shall not be recoverable.

402 (d) Not later than fourteen calendar days after the
403occurrence of an emergency, an electric distribution company
404may petition the authority for a waiver of the requirements of
405this section. Any petition for a waiver made under this
406subsection shall include the severity of the emergency,
407employee safety issues and conditions on the ground, and
408shall be conducted as a contested case proceeding. The
409burden of proving that such waiver is reasonable and
410warranted shall be on the electric distribution company. In
411determining whether to grant such waiver, the authority shall
412consider whether the electric distribution company received
413approval and reasonable funding allowances, as determined
414by the authority, to meet infrastructure resiliency efforts to
415improve such company's performance.

416 (e) On or before January 1, 2021, the Public Utilities
417Regulatory Authority shall initiate a proceeding to consider
418the implementation of the residential customer credit and
419waiver provisions of this section and establish circumstances,
420standards and methodologies applicable to each electric
421distribution company and necessary to implement the
422provisions of this section, including any modifications to the
423ninety-six-consecutive-hour standard in subsection (b) of this
424section. The authority shall issue a final decision in such
425proceeding on or before July 1, 2021.

426 Sec. 11. (NEW) (*Effective from passage*) (a) For the

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427 purposes of this section, "emergency" has the same meaning
428 as provided in subdivision (1) of subsection (a) of section 16-
429 32e of the general statutes and "electric distribution
430 company" has the same meaning as provided in section 16-1
431 of the general statutes.

432 (b) On and after July 1, 2021, each electric distribution
433 company shall provide to each residential customer
434 compensation in an amount of two hundred fifty dollars, in the
435 aggregate, for any medication and food that expires or spoils
436 due to a distribution-system service outage that lasts more
437 than ninety-six consecutive hours in duration after the
438 occurrence of an emergency.

439 (c) Any costs incurred by an electric distribution company
440 pursuant to this section shall not be recoverable.

441 (d) Not later than fourteen calendar days after the
442 occurrence of an emergency, an electric distribution company
443 may petition the authority for a waiver of the requirements of
444 this section. Any petition for a waiver made under this
445 subsection shall include the severity of the emergency,
446 employee safety issues and conditions on the ground, and
447 shall be conducted as a contested case proceeding. The
448 burden of proving that such waiver is reasonable and
449 warranted shall be on the electric distribution company. In
450 determining whether to grant such waiver, the authority shall
451 consider whether the electric distribution company received
452 approval and reasonable funding allowances, as determined
453 by the authority, to meet infrastructure resiliency efforts to
454 improve such company's performance.

455 (e) On or before January 1, 2021, the Public Utilities
456 Regulatory Authority shall initiate a proceeding to consider
457 the implementation of the compensation reimbursement and
458 waiver provisions of this section and establish circumstances,
459 standards and methodologies applicable to each electric

460distribution company and necessary to implement the
461provisions of this section, including any modifications to the
462ninety-six-consecutive-hour standard in subsection (b) of this
463section. The authority shall issue a final decision in such
464proceeding on or before July 1, 2021.

465 Sec. 12. (NEW) (*Effective from passage*) (a) As used in this
466section, "electric distribution company" has the same
467meaning as provided in section 16-1 of the general statutes.

468 (b) Not later than January 1, 2021, each electric distribution
469company shall submit to the joint standing committee of the
470General Assembly having cognizance of matters relating to
471energy, in accordance with the provisions of section 11-4a of
472the general statutes, and the Public Utilities Regulatory
473Authority the following:

474 (1) A cost-benefit analysis identifying the resources
475expended in response to the last five storm events classified
476as a level three, four or five. Such analysis shall include a
477review of the number of line crew workers and shall
478distinguish between line crew workers (A) directly employed
479by the electric distribution company and working full time
480within the state, (B) directly employed by the electric
481distribution company working primarily in another state, and
482(C) hired as contractors or subcontractors.

483 (2) An analysis of any such company's (A) estimates
484concerning potential damage and service outages prior to the
485last five storm events classified as a level three, four or five,
486(B) damage and service outage assessments after the last five
487storm events classified as a level three, four or five, (C)
488restoration management after the last five storm events
489classified as a level three, four or five, including access to
490alternate restoration resources via regional and reciprocal aid
491contracts, (D) planning for at-risk and vulnerable customers,
492(E) communication policies with state and local officials and

493customers, including individual customer restoration
494estimates and the accuracy of such estimates, (F)
495infrastructure, facilities and equipment, which shall include,
496but not be limited to, an examination of (i) whether such
497infrastructure, facilities and equipment are in good repair and
498capable of meeting operational standards, (ii) whether such
499company is following standard industry practice concerning
500operation and maintenance of such infrastructure, facilities
501and equipment, (iii) the age and condition of such
502infrastructure, facilities and equipment, (iv) whether
503maintenance of such infrastructure, facilities and equipment
504has been delayed, and (v) whether such company had access
505to adequate replacement equipment for such infrastructure,
506facilities and equipment during the course of the last five
507storm events classified as a level three, four or five, and (G)
508compliance with any emergency response standards adopted
509by the authority.

510 (c) Not later than January 1, 2021, the authority shall
511initiate a docket, or incorporate into an existing docket, to
512review the report provided by each electric distribution
513company pursuant to subsection (b) of this section. The
514authority shall submit the final decision of such docket, in
515accordance with the provisions of section 11-4a of the general
516statutes, to the joint standing committee of the General
517Assembly having cognizance of matters relating to energy.

518 (d) After issuing its final decision in the docket initiated
519pursuant to subsection (c) of this section, the authority shall
520establish standards for minimum staffing levels for any
521electric distribution company for outage planning and
522restoration personnel, including linemen, technicians and
523system engineers, tree trimming crews and personnel
524responsible for directing operations and communicating with
525state, municipal and regional officials. Such staffing standards
526may reflect different staffing levels based on the severity of
527any emergency.

528 (e) The authority may establish as it deems fit any other
529standards for acceptable performance by any electric
530distribution company to ensure the reliability of such
531company's services in any emergency and to prevent,
532minimize and restore any long-term service outages or
533disruptions caused by such emergency.

534 (f) The authority, upon a finding that any electric
535distribution company failed to comply with any standard of
536acceptable performance adopted pursuant to this section or
537any order of the authority, shall make orders to enforce such
538standards and may levy civil penalties against such company,
539pursuant to section 16-41 of the general statutes. Any such
540penalty shall not be included as an operating expense of such
541company for purposes of ratemaking.

542 Sec. 13. Subsection (a) of section 16-41 of the general
543statutes is repealed and the following is substituted in lieu
544thereof (*Effective from passage*):

545 (a) Each (1) public service company and its officers, agents
546and employees, (2) electric supplier or person providing
547electric generation services without a license in violation of
548section 16-245, and its officers, agents and employees, (3)
549certified telecommunications provider or person providing
550telecommunications services without authorization pursuant
551to sections 16-247f to 16-247h, inclusive, and its officers,
552agents and employees, (4) person, public agency or public
553utility, as such terms are defined in section 16-345, subject to
554the requirements of chapter 293, (5) person subject to the
555registration requirements under section 16-258a, (6) cellular
556mobile telephone carrier, as described in section 16-250b, (7)
557Connecticut electric efficiency partner, as defined in section
55816-243v, (8) company, as defined in section 16-49, and (9)
559entity approved to submeter pursuant to section 16-19ff shall
560obey, observe and comply with all applicable provisions of this
561title and each applicable order made or applicable regulations

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562adopted by the Public Utilities Regulatory Authority by virtue
563of this title as long as the same remains in force. Any such
564company, electric supplier, certified telecommunications
565provider, cellular mobile telephone carrier, Connecticut
566electric efficiency partner, entity approved to submeter,
567person, any officer, agent or employee thereof, public agency
568or public utility which the authority finds has failed to obey or
569comply with any such provision of this title, order or regulation
570shall be fined, ordered to pay restitution to customers or
571ordered to pay a combination of a fine and restitution by order
572of the authority in accordance with the penalty prescribed for
573the violated provision of this title or, if no penalty is
574prescribed, not more than ten thousand dollars for each
575offense, except that the penalty shall be a fine, restitution to
576customers or a combination of a fine and restitution of not
577more than forty thousand dollars for failure to comply with an
578order of the authority made in accordance with the provisions
579of section 16-19 or 16-247k or within thirty days of such order
580or within any specific time period for compliance specified in
581such order. The authority may direct a portion of any fine
582levied pursuant to this section to be paid to a nonprofit
583agency engaged in energy assistance programs named by the
584authority in its decision or notice of violation. Each distinct
585violation of any such provision of this title, order or regulation
586shall be a separate offense and, in case of a continued
587violation, each day thereof shall be deemed a separate
588offense. Each such penalty and any interest charged pursuant
589to subsection (g) or (h) of section 16-49 shall be excluded
590from operating expenses for purposes of rate-making.

591 Sec. 14. (NEW) (*Effective from passage*) Not later than
592January 15, 2021, the Commissioner of Energy and
593Environmental Protection shall submit a report to the joint
594standing committee of the General Assembly having
595cognizance of matters relating to energy (1) evaluating
596whether Connecticut's reliance on the wholesale energy

597markets administered by the regional independent system
598operator, as defined in section 16-1 of the general statutes,
599benefits Connecticut ratepayers, and (2) recommending
600alternative approaches to better meet Connecticut's need for
601clean, reliable and affordable electricity generation supply in a
602manner that leverages competition, reduces ratepayer risk
603and achieves the state's public policy goals, including, but not
604limited to, pursuant to section 22a-200a of the general
605statutes.

606 Sec. 15. Section 16-243y of the general statutes is repealed
607and the following is substituted in lieu thereof (*Effective from*
608*passage*):

609 (a) As used in this section:

610 (1) "Municipality" has the same meaning as provided in
611section 7-233b;

612 (2) "Critical facility" means any hospital, police station, fire
613station, water treatment plant, sewage treatment plant, public
614shelter, correctional facility or production and transmission
615facility of a television or radio station, whether broadcast,
616cable or satellite, licensed by the Federal Communications
617Commission, any commercial area of a municipality, a
618municipal center, as identified by the chief elected official of
619any municipality, or any other facility or area identified by the
620Department of Energy and Environmental Protection as
621critical;

622 (3) "Distributed energy generation" means the generation
623of electricity from a unit with a rating of not more than sixty-
624five megawatts on the premises of a retail end user within the
625transmission and distribution system;

626 (4) "Electric distribution company" and "participating
627municipal electric utility" have the same meanings as
628provided in section 16-1; **[and]**

629 (5) "Microgrid" means a group of interconnected loads and
630 distributed energy resources within clearly defined electrical
631 boundaries that acts as a single controllable entity with
632 respect to the grid and that connects and disconnects from
633 such grid to enable it to operate in both grid-connected or
634 island mode; [.]

635 (6) "Resilience" means the ability to prepare for and adapt
636 to changing conditions and withstand and recover rapidly
637 from deliberate attacks, accidents or naturally occurring
638 threats or incidents, including, but not limited to, threats or
639 incidents associated with the impacts of climate change; and

640 (7) "Vulnerable communities" means populations that may
641 be disproportionately impacted by the effects of climate
642 change, including, but not limited to, low and moderate
643 income communities, environmental justice communities
644 pursuant to section 22a-20a, communities eligible for
645 community reinvestment pursuant to section 36a-30 and the
646 Community Reinvestment Act of 1977, 12 USC 2901 et seq.,
647 as amended from time to time, populations with increased risk
648 and limited means to adapt to the effects of climate change,
649 or as further defined by the Department of Energy and
650 Environmental Protection in consultation with community
651 representatives.

652 (b) The Department of Energy and Environmental Protection
653 shall establish a microgrid and resilience grant and loan pilot
654 program to support local distributed energy generation for
655 critical facilities or resilience projects. The department shall
656 develop and issue a request for proposals from municipalities,
657 electric distribution companies, participating municipal
658 electric utilities, energy improvement districts, and nonprofit,
659 academic and private entities seeking to develop microgrid
660 distributed energy generation, or to repurpose existing
661 distributed energy generation for use with microgrids, to
662 support critical facilities or to develop resilience projects. Any

663entity eligible to submit a proposal pursuant to this section
664may collaborate with any other such entity in submitting such
665proposal. The department may hire a technical consultant to
666support the implementation of this section using any bond
667funds authorized in support of microgrids or resilience.

668 (c) The department shall award grants or loans under the
669microgrid and resilience grant and loan pilot program to any
670number of recipients. The department shall prioritize
671proposals that benefit vulnerable communities. To the extent
672possible, the amount of loans and grants awarded under the
673program shall be evenly distributed between small, medium
674and large municipalities. Such grants and loans may provide:
675(1) Assistance with community planning that includes, but is
676not limited to, microgrid or resilience project feasibility,
677including benefit-cost analyses, (2) assistance to recipients for
678the cost of design, engineering services and interconnection
679infrastructure for any such microgrid [, and (2)] or resilience
680project, (3) matching funds or low interest loans for an energy
681storage system or systems, as defined in section 16-1, or
682distributed energy generation projects first placed in service
683on or after July 1, 2016, provided such generation is derived
684from a Class I renewable energy source, as defined in section
68516-1, or a Class III energy source, as defined in section 16-1,
686for any such microgrid or resilience project, and (4) nonfederal
687cost share for grant or loan applications for projects or
688programs that include microgrids or resilience. The
689department may establish any financing mechanism to
690provide or leverage additional funding to support the
691development of interconnection infrastructure, distributed
692energy generation, **[and]** microgrids and resilience projects.

693 (d) Not later than January first, annually, for a period of five
694years after receiving a grant or loan under the microgrid and
695resilience grant and loan pilot program, the recipient of such
696grant or loan shall submit a report to the Public Utilities
697Regulatory Authority, the Office of Consumer Counsel and the

698 Department of Energy and Environmental Protection and, in
699 accordance with section 11-4a, to the joint standing
700 committees of the General Assembly having cognizance of
701 matters relating to appropriations and energy. Such report
702 shall include information concerning the status of such
703 recipient's microgrid or resilience project.

704 **[(e)** On or before January 1, 2013, the department shall file
705 a report, in accordance with the provisions of section 11-4a,
706 with the joint standing committee of the General Assembly
707 having cognizance of matters relating to energy, identifying
708 other funding sources necessary to expand the microgrid
709 grant and loan pilot program established pursuant to this
710 section and any legislative changes necessary to access such
711 funding.]

712 **[(f)]** (e) The Department of Energy and Environmental
713 Protection, in consultation with the Connecticut Academy of
714 Science and Engineering, shall study the methods of providing
715 reliable electric services to critical facilities, taking into
716 consideration the location of such critical facilities. Such study
717 shall evaluate the costs and benefits of such methods,
718 including, but not limited to, the use of microgrids,
719 undergrounding and portable turbine generation, and shall
720 make recommendations identifying the most cost-effective
721 and reliable of such methods. Not later than January 1, 2013,
722 the department shall submit the findings of such study, in
723 accordance with section 11-4a, to the joint standing
724 committee of the General Assembly having cognizance of
725 matters relating to energy and technology.

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This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	16-19(a) and (b)
Sec. 3	<i>November 1, 2020</i>	16-19a(a) and (b)
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>November 1, 2020</i>	16-43(b)
Sec. 7	<i>January 1, 2021</i>	16-47(d)
Sec. 8	<i>November 1, 2020</i>	16-243p
Sec. 9	<i>from passage</i>	16-32i
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>from passage</i>	16-41(a)
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	16-243y

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