



# House of Representatives

General Assembly

**File No. 191**

January Session, 2023

House Bill No. 6853

*House of Representatives, March 23, 2023*

The Committee on Energy and Technology reported through REP. STEINBERG of the 136th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING FUNDING FOR MICROGRIDS AND RESILIENCE PROJECTS.**

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

1 Section 1. Section 16-243y of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

3 (a) As used in this section:

4 (1) ["Municipality" has the same meaning as provided in section 7-  
5 233b] "Regional councils of governments" means a regional council of  
6 governments organized under the provisions of sections 4-124i to 4-  
7 124p, inclusive;

8 (2) "Critical facility" means any hospital, police station, fire station,  
9 water treatment plant, sewage treatment plant, public shelter,  
10 correctional facility or production and transmission facility of a  
11 television or radio station, whether broadcast, cable or satellite, licensed  
12 by the Federal Communications Commission, any commercial area of a

13 municipality, a municipal center, as identified by the chief elected  
14 official of any municipality, or any other facility or area identified by the  
15 Department of Energy and Environmental Protection as critical;

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

20 (4) "Electric distribution company" and "participating municipal  
21 electric utility" have the same meanings as provided in section 16-1;

22 (5) "Microgrid" means a group of interconnected loads and  
23 distributed energy resources within clearly defined electrical  
24 boundaries that acts as a single controllable entity with respect to the  
25 grid and that connects and disconnects from such grid to enable it to  
26 operate in both grid-connected or island mode;

27 (6) "Resilience" means the ability to prepare for and adapt to changing  
28 conditions and withstand and recover rapidly from deliberate attacks,  
29 accidents or naturally occurring threats or incidents, including, but not  
30 limited to, threats or incidents associated with the impacts of climate  
31 change; and

32 (7) "Vulnerable communities" means populations that may be  
33 disproportionately impacted by the effects of climate change, including,  
34 but not limited to, low and moderate income communities,  
35 environmental justice communities pursuant to section 22a-20a,  
36 communities eligible for community reinvestment pursuant to section  
37 36a-30 and the Community Reinvestment Act of 1977, 12 USC 2901 et  
38 seq., as amended from time to time, populations with increased risk and  
39 limited means to adapt to the effects of climate change, or as further  
40 defined by the Department of Energy and Environmental Protection in  
41 consultation with community representatives.

42 (b) The Department of Energy and Environmental Protection shall  
43 establish a microgrid and resilience grant and loan pilot program to

44 support local distributed energy generation for critical facilities or  
45 resilience projects. The department shall develop and issue a request for  
46 proposals from [municipalities] eligible recipients that shall include, but  
47 need not be limited to, any local or regional governmental entity,  
48 municipal corporation, regional council of governments, public  
49 authority, state and federally recognized tribe, state agency, electric  
50 distribution [companies] company, participating municipal electric  
51 [utilities] utility, energy improvement [districts] district, and nonprofit,  
52 academic and private [entities] entity seeking to develop microgrid  
53 distributed energy generation, or to repurpose existing distributed  
54 energy generation for use with microgrids, to support critical facilities  
55 or to develop resilience projects. Any entity eligible to submit a proposal  
56 pursuant to this section may collaborate with any other such entity in  
57 submitting such proposal. The department may use any bond funds  
58 authorized in support of microgrids or resilience to: (1) Provide grants  
59 or loans to eligible recipients, (2) hire a technical consultant to support  
60 the implementation of this section, [using any bond funds authorized in  
61 support of microgrids or resilience] (3) undertake any of the activities  
62 described in subsection (c) of this section, and (4) administer the  
63 microgrid and resilience grant and loan pilot program, provided not  
64 more than four per cent of such authorized funds shall be used for such  
65 administration. The Department of Energy and Environmental  
66 Protection shall not constitute an eligible recipient for purposes of this  
67 section.

68 (c) The department shall award grants or loans under the microgrid  
69 and resilience grant and loan pilot program to any number of eligible  
70 recipients. The department shall prioritize proposals that benefit  
71 vulnerable communities. [To the extent possible, the amount of loans  
72 and grants awarded under the program shall be evenly distributed  
73 between small, medium and large municipalities.] Such grants and  
74 loans may provide: (1) Assistance with community planning that  
75 includes, but is not limited to, microgrid or resilience project feasibility,  
76 including benefit-cost analyses, (2) assistance to recipients for the cost of  
77 design, engineering services and interconnection infrastructure for any  
78 such microgrid or resilience project, (3) matching funds or low interest

79 loans for an energy storage system or systems, as defined in section 16-  
80 1, or distributed energy generation projects first placed in service on or  
81 after July 1, 2016, provided such generation is derived from a Class I  
82 renewable energy source, as defined in section 16-1, or a Class III energy  
83 source, as defined in section 16-1, for any such microgrid or resilience  
84 project, and (4) nonfederal cost share for grant or loan applications for  
85 projects or programs that include microgrids or resilience. The  
86 department may establish any financing mechanism to provide or  
87 leverage additional funding to support the development of  
88 interconnection infrastructure, distributed energy generation,  
89 microgrids and resilience projects.

90 (d) Not later than January first, annually, for a period of five years  
91 after receiving a grant or loan under the microgrid and resilience grant  
92 and loan pilot program, the recipient of such grant or loan shall submit  
93 a report to the Public Utilities Regulatory Authority, the Office of  
94 Consumer Counsel and the Department of Energy and Environmental  
95 Protection and, in accordance with section 11-4a, to the joint standing  
96 committees of the General Assembly having cognizance of matters  
97 relating to appropriations and energy. Such report shall include  
98 information concerning the status of such recipient's microgrid or  
99 resilience project.

100 [(e) The Department of Energy and Environmental Protection, in  
101 consultation with the Connecticut Academy of Science and Engineering,  
102 shall study the methods of providing reliable electric services to critical  
103 facilities, taking into consideration the location of such critical facilities.  
104 Such study shall evaluate the costs and benefits of such methods,  
105 including, but not limited to, the use of microgrids, undergrounding  
106 and portable turbine generation, and shall make recommendations  
107 identifying the most cost-effective and reliable of such methods. Not  
108 later than January 1, 2013, the department shall submit the findings of  
109 such study, in accordance with section 11-4a, to the joint standing  
110 committee of the General Assembly having cognizance of matters  
111 relating to energy and technology.]

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2023</i>	16-243y
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**ET**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill makes various changes to the microgrid and resilience grant and loan program, including expanding the pool of eligible recipients, that could result in increased or more rapid use of previously-authorized bond funds. The program is funded through General Obligation (GO) bond funds. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended or to be expended more rapidly than they otherwise would have been.

As of March 1, 2023, there is an unallocated bond balance of \$15 million available under the relevant authorization. The bill does not change GO bond authorizations relevant to the program.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the terms of any bonds issued.

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**OLR Bill Analysis****HB 6853*****AN ACT CONCERNING FUNDING FOR MICROGRIDS AND RESILIENCE PROJECTS.*****SUMMARY**

This bill expands funding eligibility from the Microgrid and Resilience Grant and Loan Program to include any local or regional governmental entity, municipal corporation, regional council of government, public authority, state and federally recognized tribe, or state agency. Under current law, municipalities, electric distribution companies (i.e., Eversource and United Illuminating), participating municipal electric utilities, energy improvement districts, and nonprofit, academic, and private entities are also eligible.

Under existing law, eligible entities apply to the program by responding to a request for proposals from the Department of Energy and Environmental Protection (DEEP), which administers the program. The bill specifies that DEEP is not an eligible recipient of program funds.

The bill also (1) allows DEEP to use up to 4% of the program's authorized bond funds to administer the program; (2) removes a requirement for DEEP to distribute program funds evenly between small, medium, and large municipalities to the extent possible; and (3) removes an obsolete reporting requirement.

EFFECTIVE DATE: July 1, 2023

**BACKGROUND*****Microgrid and Resilience Grant and Loan Program***

The Microgrid and Resilience Grant and Loan Program generally provides funding for entities to develop microgrid distributed energy

generation, repurpose existing distributed energy generation to use with microgrids, support critical facilities, or develop resilience projects. Program funding may provide (1) assistance with community planning; (2) assistance for certain design, engineering, and interconnection infrastructure costs; (3) matching funds or low interest loans for certain energy storage systems or distributed energy projects; and (4) non-federal cost shares for funding applications for projects that include microgrids or resilience.

By law, a “microgrid” is a group of interconnected electricity users and generators that (1) is within clearly defined boundaries and acts as a single controllable entity with respect to the larger grid and (2) can operate as either a part of the grid or independent of it (e.g., a fuel cell that powers a hospital but can also power a nearby municipal center during a power outage).

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable

Yea 20 Nay 0 (03/14/2023)