



House of Representatives

File No. 842

General Assembly

January Session, 2023

(Reprint of File No. 191)

House Bill No. 6853
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
June 1, 2023

**AN ACT CONCERNING FUNDING FOR MICROGRIDS, RESILIENCE
AND STATE AGENCY BUILDING DECARBONIZATION 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 Section 16-243y of the general statutes is repealed and the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, electric distribution
50 [companies] company, participating municipal electric [utilities] utility,
51 energy improvement [districts,] district and nonprofit, academic and
52 private [entities] entity seeking to develop microgrid distributed energy
53 generation, or to repurpose existing distributed energy generation for
54 use with microgrids, to support critical facilities or to develop resilience
55 projects. Any [entity eligible to submit a proposal pursuant to this
56 section] such eligible recipient may collaborate with any other such
57 [entity] eligible recipient in submitting such proposal. The department
58 may use any bond funds authorized in support of microgrids or
59 resilience to: (1) Provide grants or loans to eligible recipients, and (2)
60 hire a technical consultant to support the implementation of this section,
61 [using any bond funds authorized in support of microgrids or
62 resilience.]

63 (c) The department [shall] may award grants or loans under the
64 microgrid and resilience grant and loan pilot program to any number of
65 eligible recipients. The department shall prioritize proposals that benefit
66 vulnerable communities. [To the extent possible, the amount of loans
67 and grants awarded under the program shall be evenly distributed
68 between small, medium and large municipalities.] Such grants and
69 loans may provide: (1) Assistance with community planning that
70 includes, but is not limited to, microgrid or resilience project feasibility,
71 including benefit-cost analyses, (2) assistance to recipients for the cost of
72 design, engineering services and interconnection infrastructure for any
73 such microgrid or resilience project, (3) matching funds or low interest
74 loans for an energy storage system or systems, as defined in section 16-
75 1, or distributed energy generation projects first placed in service on or
76 after July 1, 2016, provided such generation is derived from a Class I
77 renewable energy source, as defined in section 16-1, or a Class III energy

78 source, as defined in section 16-1, for any such microgrid or resilience
79 project, and (4) nonfederal cost share for grant or loan applications for
80 projects or programs that include microgrids or resilience. The
81 department may establish any financing mechanism to provide or
82 leverage additional funding to support the development of
83 interconnection infrastructure, distributed energy generation,
84 microgrids and resilience projects.

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

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

107 Sec. 2. (NEW) (*Effective from passage*) Any state agency, as defined in
108 section 1-79 of the general statutes, may participate in a building
109 decarbonization project for a building or facility that is owned or leased
110 by the state, provided such state agency occupies such building or

111 facility. A state agency that seeks to participate in a building
 112 decarbonization project shall submit a request to the Department of
 113 Energy and Environmental Protection for review of the project. The
 114 Department of Energy and Environmental Protection, in consultation
 115 with the Department of Administrative Services, may review and
 116 recommend approval of the project. Upon receipt of the department's
 117 recommended approval, a state agency shall submit a request to
 118 participate in the building decarbonization project, with supporting
 119 documentation, including the recommended approval of the
 120 Department of Energy and Environmental Protection, to the Office of
 121 Policy and Management for review and final approval. The Office of
 122 Policy and Management may only approve a project if such project can
 123 be sustained by the operating budget for the relevant state agency,
 124 based on the operating budget for the fiscal year in which the state
 125 agency files such request. For purposes of this section, "building
 126 decarbonization project" means a project that implements energy
 127 efficiency measures, reduces energy usage or decarbonizes the energy
 128 use of a building or facility that is offered by an electric distribution
 129 company or gas company through the Conservation and Load
 130 Management Plan approved pursuant to section 16-245m of the general
 131 statutes, or successor programs, or offered by the Connecticut Green
 132 Bank, including participation in associated financing mechanisms
 133 offered by such companies or the Connecticut Green Bank.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	16-243y
Sec. 2	<i>from passage</i>	New section

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, which 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.

Lastly, the bill provides the option for state agencies to engage in decarbonization projects with approval by the Department of Environmental Protection in consultation with the Department of Administrative Services. This could be done without requiring additional resources.

House "A", eliminates the bill and its associated fiscal impact and results in the impact described above.

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.

OLR Bill Analysis**HB 6853 (as amended by House "A")******AN ACT CONCERNING FUNDING FOR MICROGRIDS AND RESILIENCE PROJECTS.*****SUMMARY**

This bill expands eligibility to participate in the Microgrid and Resilience Grant and Loan Program (see BACKGROUND) and, unrelatedly, allows state agencies to participate in certain building decarbonization projects.

For the microgrid program, the bill extends eligibility to include any local or regional governmental entity (rather than just municipalities), municipal corporation, regional council of government, public authority, or state and federally recognized tribe. As under current law, 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, and all of the eligible recipients may collaborate with each other to submit a proposal.

The bill allows the Department of Energy and Environmental Protection (DEEP), which administers the program, to award program grants or loans, rather than requiring it, as under current law. It also eliminates (1) a requirement for DEEP to distribute program funds evenly between small, medium, and large municipalities to the extent possible and (2) an obsolete reporting requirement.

*House Amendment "A" (1) removes provisions that would have made state agencies eligible for the microgrid program and allowed DEEP to use up to four percent of the program's funds to administer it;

(2) allows, rather than requires, DEEP to award microgrid program grants; and (3) adds the provision on decarbonization projects.

EFFECTIVE DATE: July 1, 2023, except the provision on decarbonization projects is effective upon passage.

DECARBONIZATION PROJECTS

The bill allows any state agency to participate in a building decarbonization project for a building or facility that is (1) owned or leased by the state and (2) occupied by the agency. Under the bill, a “state agency” is any office; department; board; council; commission; institution; constituent unit of the state higher education system; technical education and career school; or other agency in the executive, legislative, or judicial branch of state government. A “building decarbonization project” is a project that (1) implements energy efficiency measures, reduces energy usage, or decarbonizes the energy use of a building or facility and (2) is offered by (a) an electric distribution company or gas company through the state’s Conservation and Load Management Plan or (b) the Connecticut Green Bank, including associated financing mechanisms offered by the companies or the Green Bank.

The bill requires a state agency that wants to participate in a building decarbonization project to submit a request to DEEP, which, in consultation with the Department of Administrative Services, may review and recommend approval. Upon receiving the recommended approval, the agency must submit a request to participate in the project, with supporting documentation and the recommended approval, to the Office of Policy and Management (OPM) for review and final approval. Under the bill, OPM may only approve a project if it can be sustained by the state agency’s operating budget, based on the operating budget for the fiscal year in which the state agency files the request.

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)