

# Energy and Technology Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-385

**Title:** AN ACT CONCERNING ENERGY PROCUREMENTS.

**Vote Date:** 3/21/2024

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/14/2024

**File No.:**

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## **SPONSORS OF BILL:**

Introduced by the Energy and Technology Committee

## **REASONS FOR BILL:**

Connecticut needs to protect the electric system's reliability and affordability through selected energy procurements conducted in the best interests of ratepayers. By passing SB-385 the Department of Energy and Environment Protection would conduct multi-state procurements for Millstone, so that ratepayers will be able to receive reliable, cost-saving clean energy in their homes, while striving for zero carbon emission in the state. SB-385 will also allow the state the much-needed ability to enter into power purchase agreements with offshore wind facilities for the span of 30 years which will lower the cost of these projects. Connecticut is poised to play an essential role in the region to meet our greenhouse gas and clean energy goals via Offshore wind.

## **SUBSTITUTE LANGUAGE:**

Section 1 of Section 16a-3m of the general statutes is repealed and the following is substituted in lieu thereof: implement substitute language to section (a)(1) and (2) redefining: "**Best interest of ratepayers**" means the benefits of a contract or proposal outweigh the costs to electric ratepayers, and section (2) "**Eligible nuclear power generating facility**" means a nuclear power generating facility that is in the control area of the regional independent system operator, as defined in section 16-1, and is licensed to operate through January 1, 2030, or later.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

**Katie S. Dykes, Commissioner CT DEEP, SB-385 An Act Concerning Energy Procurements** Department of Energy and Environmental Protection (DEEP) supports this

bill, with recommended language changes, because it allows DEEP to manage with two or more New England states on a future procurement for nuclear generating facilities.

**Marissa Gillett, PURA CHAIRMAN, SB-385 An Act Concerning Energy Procurements**

PURA will support SB-385 pending some requested revisions to section 1. The modifications would allow for existing PPAs to be incorporated into SS for retail customers in a way that balances the need for flexibility in evaluating SS procurement options and to protect ratepayers by ensuring that existing PPAs are only incorporated into SS rates when doing so is in the best interest of ratepayers.

**Claire Coleman, Office of Consumer Counsel, S.B. 385 An Act Concerning Energy Procurements**

OCC stands in support of SB-385, they acknowledge the continuing need to protect our electric system's reliability and affordability through targeted energy procurements conducted in the best interests of ratepayers. They stand in support of the three procurement reforms presented: section 1(g), 1(h), and section 2.

**NATURE AND SOURCES OF SUPPORT:**

**Susan Adams, State Policy Director, Millstone, SB-385 An Act Concerning Energy Procurements**

Millstone stand in support of SB-385 because it helps achieve the zero-carbon initiative proposed, provides low-cost resources, and they will be supplying nuclear energy to other New England states.

**Nathan Frohling, Director of External Affairs, The Nature Conservancy in Connecticut SB-385 AN ACT CONCERNING ENERGY PROCUREMENTS**

The Nature Conservancy is in full support of SB-385. They express full support reformed Section 1(g), 1(H), and section 2 will help reduce global warming and drive more clean energy which is beneficial to the entire regional grid.

**Francis Pullaro, Executive Director of RENEW NORTHEAST, SB-385 AN ACT CONCERNING ENERGY PROCUREMENTS**

RENEW NORTHEAST is in support of SB-385 the provision in this bill allowing DEEP to direct the utilities to sign PPAs with offshore wind projects for terms of up to 30 years. RENEW is aware the challenge to reset global price levels to the period prior to the run up in inflation, this pro-consumer option has the potential to ease the bid prices.

**REPRESENTATIVE KATHLEEN M. McCARTY THIRTY-EIGHTH ASSEMBLY DISTRICT SB-385 AN ACT CONCERNING ENERGY PROCUREMENTS**

Representative McCarty supports SB-385 since a renewal of another power purchase agreement at the conclusion of the current ten year contract and an extension of the agreement for an additional ten years are critical to meet the carbon free energy needs of the state.

**Christie Prescott, Director of Wholesale Power Contacts, United Illuminating SB-385 An Act Concerning Energy Procurements**

United Illuminating is in support of the sections reformed in SB-385. There are few considerations they would like to see in the bill.

- Guaranteeing the CT PURA Procurement Manager's approval of all aspects of a standard service supply strategy using energy from these specific PPAs,
- Awareness that there is the potential that market prices may be lower than the PPAs based on actual market conditions that occur during the service term,
- Awareness that if the unit is not operational due to a scheduled or unscheduled outage, that the EDCs would need to replace such energy with real time energy at full market price, which may be higher than the contract PPA prices, especially if an outage occurs in the winter months, which are the highest market priced months for energy. Currently, Connecticut customers are not subject to this volatility since the standard service rate is firm and the risk of price volatility lies with the wholesale suppliers.

The following are also in support of **SB-385 AN ACT CONCERNING ENERGY PROCUREMENTS:**

Jay Goodman, Executive Director of CIEC  
Natalie Treat, Director of Public Policy at Northeast Clean Energy Council  
Nicole Verdi, Policy NE Gov Affairs at ORSTED.  
Charles Rothenberger, Energy Attorney at Save The Sound  
Rebecca Ullman, Director of External Affairs at SOUTHCOAST WIND.

#### **NATURE AND SOURCES OF OPPOSITION:**

##### **Robert Keen, Retired Power Engineer**

In Opposition of SB-385\_Mr. Keen is opposed to selling Millstone energy (now 5 c/kWh until 2029) to other states, and to then contract for 15 cent wind power at 3 times the price, and the intermittent wind requires expensive backup, \$26billion in transmission, and really costs 25 cents if you remove the 40% federal subsidy. This discussion surrounding this bill makes one aware of how inexpensive gas electricity is. The price of gas electricity has been below the Millstone 5 cent contract (except for 2022 when LNG was in short supply due to Ukraine).

**Reported by: Josh Reyes**

**Date: 4/2/2024**