

Connecticut Legislature Passes Major Energy Legislation

The Connecticut Senate and House of Representatives passed major energy legislation in June with bipartisan support and little opposition. The Energy Bill, Senate Bill 1243, reorganizes some of the government agencies that deal with energy issues, including the primary state regulator in this field, the Department of Public Utility Control (DPUC), institutes several new programs and studies, and bolsters some existing regulatory requirements.

Connecticut has been one of the few states that does not have a “Department of Energy.” The functions of a Department of Energy have instead been performed by a variety of agencies and boards. The need for a centralized Department of Energy to proactively develop policies (in conjunction with the Legislature), implement policies, seek available resources including federal funds, promote economic development, and pursue other goals was felt by many. The Bill’s solution to this perceived gap is the formation of the Department of Energy and Environmental Protection (“DEEP”), combining the functions of the existing Department of Environmental Protection and the DPUC and also increasing the energy-related powers of the new agency beyond their current scope under the DPUC.

Among other things, the bill:

- Requires DEEP to develop a comprehensive energy plan that assesses needs in electricity, heating, cooling, and even the transportation sector. Including the transportation sector in planning has become increasingly important due to the increased price of oil, the reduction and stabilization of the price of natural gas, and the interest in promoting electric vehicle uses. Although Connecticut already does an integrated resource plan for electricity, a plan that includes also transportation, heating and cooling may well prove useful;
- Provides for a new position within DEEP of a Procurement Manager whose job it will be to try to reduce the price of residential standard service, the electricity generation product one receives if one stays with CL&P or UI. Reducing the price of standard service should in turn also lower the prices paid by customers of alternative retail suppliers, since such suppliers would have to compete with a lower standard service price (if such is indeed achieved);
- Allows long-term contracting for new or existing fossil generation (including potentially the replacement of older, inefficient units), renewable generation, distributed generation (small power plants used for example in a hospital in an industrial building) and energy efficiency, and other resources, through a variety of programs and plans. Through this bill, Connecticut is clearly asserting its own authority over power resource decisions, and is not waiting to see what regional markets may or may not bring to fruition;

- Seeks to promote the development of solar energy in Connecticut for homes and businesses, which it is hoped may attract or retain solar manufacturing and installation businesses;
- Establishes a code of conduct for retail suppliers of electric generation service, with a particular focus on regulating door-to-door sales and requiring that certain types of information be provided to potential customers;
- Promotes replacement of inefficient heating equipment in residential homes through development of a new program by DEEP; and
- Requires DEEP to study the regional wholesale power market run by ISO-New England under the authority of the Federal Energy Regulatory Commission to see whether and how such market is or is not helping Connecticut reach its electricity price and environmental goals, with the possible outcome of recommending certain strategies or adjustments.

Although some drafts of the proposed legislation led to fears that your ratepayer advocate, the Office of Consumer Counsel, might be eliminated in the restructuring of energy agencies, such did not occur. We are happy to report that OCC's function is recognized by the legislation as something that should continue intact, and our status remains essentially the same as it has been. In other words, we are independent from DEEP to the same, substantial extent that we have been independent from DPUC. DEEP, like DPUC before it, will continue to assist OCC with some administrative functions that OCC, as a small agency (14 employees at present), cannot efficiently perform on its own, but OCC will still have an independent voice in utility rate and planning matters. We thank the Connecticut Legislature and the Governor's Office for recognizing OCC's value and for working together in support of OCC's continued existence.