



Senate

General Assembly

File No. 534

January Session, 2025

Substitute Senate Bill No. 1194

Senate, April 7, 2025

The Committee on Energy and Technology reported through SEN. NEEDLEMAN of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING POWER PURCHASE AGREEMENTS AND
THE PROVISION OF STANDARD SERVICE TO ELECTRIC
CUSTOMERS.**

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

1 Section 1. Subsection (e) of section 16a-3m of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2025*):

4 (e) (1) Any solicitation issued pursuant to subsection (d) of this
5 section for zero-carbon electricity generating resources, including, but
6 not limited to, eligible nuclear power generating facilities, hydropower,
7 Class I renewable energy sources, as defined in section 16-1, and energy
8 storage systems, shall be for resources delivered into the control area of
9 the regional independent system operator, as defined in section 16-1,
10 and any agreement entered into pursuant to subdivision (2) of this
11 subsection shall be in the best interest of ratepayers. If the commissioner
12 finds proposals received pursuant to such solicitations to be in the best

13 interest of ratepayers, the commissioner may select any such proposal
14 or proposals, provided (A) the total annual energy output of any
15 proposals selected, in the aggregate, shall be not more than twelve
16 million megawatt hours of electricity, (B) any agreement entered into
17 pursuant to this subdivision with an eligible nuclear power generating
18 facility or hydropower shall be for a period of not less than three years
19 and not more than ten years, and (C) any agreement entered into
20 pursuant to this subdivision with Class I renewable energy sources, as
21 defined in section 16-1, and energy storage systems shall be for a period
22 of not more than twenty years.

23 (2) If the commissioner has made the determination and finding
24 pursuant to subdivision (1) of this subsection, the commissioner shall,
25 on behalf of all customers of electric distribution companies, direct the
26 electric distribution companies to enter into agreements for energy,
27 capacity and any environmental attributes, or any combination thereof,
28 from proposals submitted pursuant to this subdivision.

29 (3) (A) Any agreement entered into pursuant to subdivision (2) of this
30 subsection shall be subject to review and approval by the Public Utilities
31 Regulatory Authority. The electric distribution company shall file an
32 application for the approval of any such agreement with the authority.
33 The authority's review shall commence upon the filing of the signed
34 power purchase agreement with the authority. The authority shall
35 approve agreements that it determines [(A)] (i) provide for the delivery
36 of adequate and reliable products and services, for which there is a clear
37 public need, at a just and reasonable price, [(B)] (ii) are prudent and cost
38 effective, and [(C)] (iii) that the respondent to the solicitation has the
39 technical, financial and managerial capabilities to perform pursuant to
40 such agreement. For any eligible nuclear power generating facility
41 selected in any solicitation described in subsection (g) of this section, the
42 authority shall require any such agreement to be conditioned upon the
43 approval of such a power purchase agreement or other agreement for
44 energy, capacity and any environmental attributes, or any combination
45 thereof, with such eligible nuclear power generating facility, in at least
46 two other states, by the applicable officials of such states or by electric

47 utilities or other entities designated by the applicable officials of such
48 states. The authority shall issue a decision not later than one hundred
49 eighty days after such filing. If the authority does not issue a decision
50 within one hundred eighty days after such filing, the agreement shall be
51 deemed approved.

52 (B) Notwithstanding any provision of the general statutes or the
53 procurement plan adopted pursuant to section 16-244m, as amended by
54 this act, an electric distribution company may, in consultation with the
55 procurement manager of the Public Utilities Regulatory Authority and
56 the Office of Consumer Counsel, elect to use, for a duration of time
57 established in consultation with the procurement manager, any portion
58 of the energy, capacity and other products purchased by such company
59 under any agreement for energy, capacity or any other electricity
60 products approved by the authority pursuant to subparagraph (A) of
61 subdivision (3) of this subsection, or under any other agreement
62 approved by the authority, for the provision of standard service by such
63 company if such company, in consultation with the procurement
64 manager and the Office of Consumer Counsel, concludes such usage is
65 in the best interest of standard service customers. An electric
66 distribution company that elects to use such energy, capacity or
67 products in the provision of standard service shall seek approval from
68 the Public Utilities Regulatory Authority to incorporate any such
69 agreement into standard service at the time such company submits
70 standard service rates to the authority for approval. The authority may
71 establish reporting standards related to any determination of whether
72 the use of such agreements is in the best interest of standard service
73 customers.

74 (C) An electric distribution company that elects to use such energy,
75 capacity or products in the provision of standard service shall, in
76 consultation with the authority and the Office of Consumer Counsel,
77 specify the (i) quantity of energy, capacity and any other products such
78 company shall use to serve standard service customers, (ii) duration of
79 such usage, and (iii) price for such energy, capacity and any other
80 products that will be paid by standard service customers.

81 (D) If any energy, capacity or other products purchased by such
82 company under any such agreement are used to serve standard service
83 customers, the cost of such energy, capacity or other products shall be
84 paid by standard service customers.

85 (E) (i) The remaining net costs of any such agreement that are not
86 associated with the provision of standard service, including costs
87 incurred by the electric distribution company under the agreement and
88 reasonable costs incurred by the electric distribution company in
89 connection with the agreement, shall be recovered on a timely basis
90 through a nonbypassable fully reconciling component of electric rates
91 for all customers of the electric distribution company, [. Any] and (ii)
92 any net revenues from the sale of products purchased in accordance
93 with long-term contracts entered into pursuant to this subsection, or
94 pursuant to any other provision of the general statutes, that are not
95 associated with the provision of standard service, shall be credited to
96 customers through the same nonbypassable fully reconciling rate
97 component for all customers of the contracting electric distribution
98 company.

99 (F) No provision of this subdivision shall be construed to amend or
100 alter the terms and conditions of any such agreement approved by the
101 authority.

102 Sec. 2. Subsections (a) and (b) of section 16-244m of the general
103 statutes are repealed and the following is substituted in lieu thereof
104 *(Effective October 1, 2025):*

105 (a) (1) On or before January 1, 2012, and annually thereafter, the
106 procurement manager of the Public Utilities Regulatory Authority, in
107 consultation with each electric distribution company, and others at the
108 procurement manager's discretion, including, but not limited to, the
109 Commissioner of Energy and Environmental Protection, a municipal
110 energy cooperative established pursuant to chapter 101a, other than
111 entities, individuals and companies or their affiliates potentially
112 involved in bidding on standard service, shall develop a plan for the
113 procurement of electric generation services and related wholesale

114 electricity market products that will enable each electric distribution
115 company to manage a portfolio of contracts to reduce the average cost
116 of standard service while maintaining standard service cost volatility
117 within reasonable levels. [Each Procurement Plan] The procurement
118 plan (A) shall provide for the competitive solicitation for load-following
119 electric service, [and] (B) may include a provision for the use of self-
120 service by an electric distribution company under which such company
121 may purchase all or any portion of the energy, capacity or other market
122 products needed to serve such company's standard service load from
123 applicable markets or other sources, and (C) may include any other
124 contracts, including, but not limited to, contracts for generation or other
125 electricity market products and financial contracts, and may provide for
126 the use of varying lengths of contracts. If such plan includes the
127 purchase of full requirements contracts, it shall include an explanation
128 of why such purchases are in the best interests of standard service
129 customers.

130 (2) All reasonable costs associated with the development of the
131 [Procurement Plan] procurement plan by the authority shall be
132 recoverable through the assessment in section 16-49. All electric
133 distribution companies' reasonable costs associated with the
134 development of the [Procurement Plan] procurement plan shall be
135 recoverable through a reconciling bypassable component of the electric
136 rates as determined by the authority.

137 (b) (1) The procurement manager shall, not less than [quarterly]
138 annually, prepare a written report on the implementation of the
139 [Procurement Plan] procurement plan.

140 (2) If the procurement manager finds that an [interim] amendment to
141 the [annual plan might] plan may substantially further the goals of
142 reducing the cost or cost volatility of standard service, the procurement
143 manager may petition the Public Utilities Regulatory Authority for such
144 an [interim] amendment. The [Public Utilities Regulatory Authority]
145 authority shall provide notice of the proposed amendment to the Office
146 of Consumer Counsel and the electric distribution companies. The

147 Office of Consumer Counsel and the electric distribution companies
 148 shall have two business days from the date of such notice to request an
 149 uncontested proceeding and a technical meeting of the [Public Utilities
 150 Regulatory Authority] authority regarding the proposed amendment,
 151 [which] and the authority shall hold such proceeding and meeting,
 152 [shall occur] if requested. [The Public Utilities Regulatory Authority]
 153 After such proceeding and such meeting, if requested, the authority may
 154 approve, modify or deny the proposed amendment. [, with such
 155 approval, modification or denial following the technical meeting if one
 156 is requested. The Public Utilities Regulatory Authority's] The authority's
 157 ruling on the proposed amendment shall occur [within] not more than
 158 three business days after the technical meeting, if [one] such meeting is
 159 requested, or [within] not more than three business days [of] after the
 160 expiration of the time for requesting a technical meeting if no technical
 161 meeting is requested. The [Public Utilities Regulatory Authority]
 162 authority may maintain the confidentiality of the technical meeting to
 163 the full extent allowed by law.

164 (3) The authority may initiate an uncontested proceeding to amend
 165 the procurement plan from time to time.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	16a-3m(e)
Sec. 2	October 1, 2025	16-244m(a) and (b)

Section 1	October 1, 2025	16a-3m(e)
Sec. 2	October 1, 2025	16-244m(a) and (b)

Statement of Legislative Commissioners:

In Section 1(e)(3)(D), "When" was changed to "If" for accuracy; and in Section 1(e)(3)(E), "any other general statute" was changed to "any other provision of the general statutes" for consistency with standard drafting conventions.

ET *Joint Favorable Subst.*

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: None

Municipal Impact: None

Explanation

The bill makes various procedural changes to the Public Utility Regulatory Authority (PURA) and the Office of Consumer Counsel (OCC), specifically involving energy or related products purchased under the previous zero-carbon procurement to provide standard service to customers. This is not anticipated to result in a fiscal impact as both PURA and OCC have the staff and expertise necessary to implement the changes.

Rate Payer Impact

The rate payer impact of the bill is indeterminate and would be dependent upon policy decisions made by the electric distribution companies (EDCs) and approval by PURA.

Under the bill, PURA, OCC and EDCs must consult to determine that the changes outlined within the bill are in the best interest of standard service customers. This assumes that the decisions and policy changes would yield a savings to customers.

However, If PURA approves the energy or products for standard service, standard service customers must pay for their costs, which could result in increased rates. The net impact would be dependent upon a variety of EDC decisions that are outside the immediate scope of the bill.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 1194*****AN ACT CONCERNING POWER PURCHASE AGREEMENTS AND THE PROVISION OF STANDARD SERVICE TO ELECTRIC CUSTOMERS.*****SUMMARY**

This bill allows electric distribution companies (EDCs, i.e. Eversource and United Illuminating) to use energy or related products purchased under the previous zero-carbon procurement or any other approved agreement (presumably procurement agreements, see BACKGROUND) to provide standard service. To do so, the EDC must consult with the Public Utility Regulatory Authority's (PURA's) procurement manager and Office of Consumer Counsel (OCC) and determine that it is in the best interest of standard service customers.

Under the bill, when an EDC seeks PURA's approval for its standard service rates, as existing law requires, it must also seek approval to incorporate this energy or related product into the rate. If PURA approves the energy or products for standard service, standard service customers must pay for their costs. The bill also specifies that it does not amend or alter any agreements under the previous zero-carbon solicitation or other previous solicitations.

Current law requires EDCs to recover the agreement's net costs through a nonbypassable, fully reconciling component of electric rates for all electric customers, and credit customers for the agreement's net revenues through the same rate component. The bill excludes from these provisions any costs or revenues associated with standard service provision.

The bill additionally makes related changes to requirements for the standard service procurement plan that the procurement manager must

annually submit to PURA under existing law. It allows the plan to include any market products (e.g., energy or capacity) the EDCs purchase if needed to self-service the company's standard service load. Separately, it also (1) requires the procurement manager to submit follow-up reports on the plan's implementation at least annually, rather than quarterly as current law requires; (2) specifies PURA may initiate uncontested proceedings to amend the plan from time to time; and (3) makes minor and conforming changes.

EFFECTIVE DATE: October 1, 2025

STANDARD SERVICE

Standard service is the energy supply sold to electric customers who do not choose to buy electricity through a third-party energy supplier. The EDCs buy electricity and other products to serve these customers through a process overseen by PURA's procurement manager, the OCC, and other parties.

The bill allows EDCs, in consultation with the procurement manager and OCC, to elect to use any portion of the energy, capacity, and other energy products the company purchases under an agreement approved under the previous zero-carbon procurement or another PURA-approved procurement (see BACKGROUND).

EDCs that choose to do this must consult with PURA and the OCC and specify:

1. the quantity of energy, capacity, or other energy products that the company will use for standard service;
2. the time period during which they will use it (EDCs must establish this in consultation with the procurement manager); and
3. the price standard service customers must pay for the energy, capacity, or other energy products.

The bill authorizes PURA to establish reporting standards on any

determination of whether using these agreements is in standard service customers' best interest.

BACKGROUND

Previous Procurements Generally

Since 2011, the legislature has periodically authorized the Department of Energy and Environmental Protection (DEEP) to solicit and procure bids from generating facilities and require EDCs to enter power purchase agreements (PPAs) for energy, capacity, and environmental attributes, or any combination, from the selected proposals (e.g., PA 11-80, § 127; PA 13-303, §§ 6 & 8; PA 15-107; PA 15-113; PA 17-144; and PA 19-71).

In this time, DEEP has conducted at least nine procurements, resulting in PURA-approved contracts for grid-scale solar, offshore wind, and fuel cells, in addition to the PPAs described below.

Zero-Carbon Procurement (PA 17-3, June Special Session (JSS))

Among other things, PA 17-3, JSS, authorized DEEP and PURA to conduct a solicitation and procurement for bids from zero-carbon generation facilities. DEEP selected a bid for 9 million megawatt-hours from the Millstone Power Station, owned by Dominion Energy, and, after a renegotiation, PURA approved PPAs between the EDCs and Dominion. Under the agreements, the EDCs must purchase 50% of Millstone's output over 10 years (2019- 2029). A bid from Seabrook Station in New Hampshire was also selected, resulting in an 8-year contract (2022-2030). DEEP has also selected offshore wind and solar projects under this law.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 17 Nay 6 (03/18/2025)