
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)