



2016 Connecticut Legislative Session Review

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| State: | Connecticut |
| Capital: | Hartford |
| Governor: | Dannel P. Malloy (D) – 2 nd term |
| General Elections: | Constitutional Officers every four years General Assembly every two years |
| Legislative Session: | Long Session – 1 st Wednesday after the 1 st Monday in January (odd numbered year). Adjourns 1 st Wednesday after the 1 st Monday in June. Short Session – 1 st Wednesday after the 1 st Monday in February (even numbered year). Adjourns 1 st Wednesday after the 1 st Monday in May. |
| Senate | 36 members (21 Democrats, 15 Republicans) Presiding Officer: Lt. Governor Nancy Wyman (D) Senate Leader: President Pro Tempore Martin Looney (D) Majority Leader: Bob Duff (D) Minority Leader: Len Fasano ® |
| House of Representatives | 151 Members (87 Democrats, 64 Republicans) Presiding Officer: Speaker of the House Brendan Sharkey (D) |

Majority Leader: Joe Aresimowicz (D)
Minority Leader: Themis Klarides (R)

**Joint Committee on
Energy & Technology**

24 members (3 Senators – 2 Democrats, 1 Republican; 21
Representatives – 13 Democrats, 8 Republicans)
Senate Co-Chair: Paul Doyle (D)
House Co-Chair: Lonnie Reed (D)

Regulatory Body

Public Utilities Regulatory Authority (a bureau within the
Department of Energy and Environmental Protection)
Members (3): Chairman Arthur House (D); Commissioner Jack
Betskosi (D), Commissioner Michael Caron ®
Members are appointed by the Governor with the consent of the
General Assembly. Terms – first Director appointed after 2011
serves a 5-year term. The second and third appointees serve four
and three years, respectively. All future appointment will be for
four years. Minority party representation is required.

2015 General Session Overview

The 2016 Connecticut Legislative General Session ended at midnight on Wednesday, May 4. Unfortunately, there was no agreement on the state budget and a “Special Session” was convened to pass the budget agreement, implementers and the bond package.

The 2016 session came down to a political battle over spending priorities and state government and agency cuts, as both parties pledged “No New Taxes.” There were multiple iterations of budget plans presented by Governor Dannel Malloy (D), the Republicans, and the majority party, the Democrats. With three days remaining in the regular session, Governor Malloy asked the Democrats to accept some reductions in their latest plan to share sales tax receipts with cities and towns. The Governor’s plan also incorporated proposals from both Democratic and Republican legislators. The spending reduction proposal was a final attempt to close the budget gap in the fiscal year that begins July 1, and also relied on hundreds of millions of dollars in fund sweeps and other one-time budget solutions.

Those temporary stopgaps, while helping to balance the books in the short-term, do nothing to reduce a much-larger projected deficit (approximately \$2.25 billion) in 2017-18 — the first new fiscal year after the November legislative election. Democrats argued that the Governor not only wanted to reduce the sales-tax-revenue-sharing plan that they are campaigning on this fall, but that he also sought to cut too deeply into funds for hospitals and for social services. Republicans (and the state’s business advocates, CBIA) called for long-term fiscal reform.

Budget Agreement/Special Session

At 11 p.m. on Tuesday, May 3, the Democrats and the Governor agreed to a \$19.76 billion budget that would cut \$825 million from the second year of the two-year, \$40.3 billion budget the legislature passed last year. The package will reduce the current deficit \$978 million. Even

with an agreement in place, the legislature was not able to get the document drafted in time to debate it before Wednesday's session deadline.

The proposal doesn't include tax increases and does not use money in the state's rainy day fund. The proposed agreement, which still has not been made public to date (only a summary of changes, without rationales and how they would be implemented, was made available to legislative leaders); makes cuts throughout state government, affecting everything from dental services for the needy to adult education programs.

Some highlights: It reduces state employee overtime, imposes higher medical co-pays for non-union workers, relies on savings from privatizing group homes for the disabled, closes a prison, and scales back funding for hospitals and nursing homes. A planned cost of living increase in payments to private nonprofit social service agencies has been delayed, while cash assistance programs for the poor are reduced by one percent.

SPECIAL SESSION UPDATE:

Budget information was not circulated to the respective caucuses for review until late Wednesday, May 11. House Democrats rallied to get votes, holding "budget workshops" prior to Friday's session.

The state's largest business trade association, Connecticut Business and Industry Association (CBIA), urged legislators to pass the budget, explaining it was "the lesser of two evils... and that necessary cuts could be made immediately (before July 1)." CBIA's call for support for the budget surprised and rankled several Republican leaders, who criticized the association. Also, the State's Union organization vehemently opposed the budget (i.e, the impending loss of 2,500 state jobs).

The Senate convened on Thursday, May 12 and approved a \$19.76 billion spending plan that erased a \$1 billion deficit. The vote was along party lines (21-15). A day later, the House took up the bill, and narrowly passed it (74-70). Eight Democrats voted against the budget.

Some highlights:

- Eliminates at least 2,500 state employee jobs which will save \$271 million. *Some media reports state the number could increase to 4,100 (out of 45,000 total state jobs).*
- No state tax increases. *However, speculation around the Capitol is that there will be another "special session" following the November elections with tax increases to cover any reduction in revenues.*
- Reduced spending in general fund by 4.4 percent.
- Reduces transportation spending (a Governor Malloy priority) by \$33 million.
- Overall municipal aid reduced slightly.
- Hospitals cut \$43 million (less than Malloy's proposed cuts)
- Reduced six legislative commissions to two.
- Structural Changes? Even with the cuts, Office of Fiscal Analysis (OFA) still estimates a \$1.26 billion deficit in 2018 and \$1.47 billion in 2019.

- Bond package - The Senate voted 34-2 to rebalance the state's credit card in the face of shrinking tax revenues, canceling or delaying about \$1 billion in financing for a wide array of projects and programs. The House did not vote on the bond package, which keeps the legislature in a Special Session.
- Second Chance for Second Chance? On May 12, the Senate postponed a vote on the Governor's "An Act Concerning a Second Chance Society" bill. It was speculated the Democrats didn't have the votes (and it was already a long day with the budget, bond package and implementer...). The bill would eliminate bail for most minor crimes and eventually place many defendants charged with other-than-major felonies under the jurisdiction of juvenile courts until age 21. It is Malloy's second round of criminal justice reforms.

The state budget impact to the state's two electric utilities was minimal. The Regional Greenhouse Gas Initiative (RGGI) funds were swept \$3.3 million (significantly less than an earlier \$27 million cut proposed by legislative Democrats). It was speculated that the Millstone Nuclear bill (SB 344) would be revisited in the "budget implementer," but it was not included.

NEW LEADERSHIP:

On May 16, Rep. Brendan Sharkey (D-Hamden) announced he will not seek a third term as Speaker of the House.

Majority Leader Joe Aresimowicz (D-Berlin) is the likely successor. Traditionally, the majority leader ascends to the speaker's post, a pattern that would hold so long as Democrats maintain their majority following the November elections. Aresimowicz, an official with the American Federation of State, County and Municipal Employees and high school football coach, and has long been a staunch ally of labor.

There will be a competition between New Haven Rep. Toni Walker and Hartford Rep. Matthew Ritter for Majority Leader if Aresimowicz ascends to Speakership. Walker is currently the co-chair of the legislature's powerful Appropriations committee, while Ritter is the co-chair of the Public Health Committee and son of former Speaker Tom Ritter.

Currently, Democrats hold an 87-64 advantage over the Republican Party. The last time Republicans controlled the chamber was back in 1984. There are at least 11 Democratic members who announced they won't be seeking re-election this year. On the Republican side there are 10 lawmakers who won't be seeking re-election.

Other 2016 Session Highlights:

Here are other highlights of bills passed and failed by the General Assembly.

PASSED:

Cost-Sharing for Mammograms/Breast Ultrasounds - Will cost the state \$19 million and drive up premiums for smaller employees and fully-insured municipalities. This is believed to

be the first “new mandate” in the country passed after the adoption of the Affordable Care Act. Governor Malloy said this weekend he will veto the bill.

Medical Marijuana – allows minors with certain debilitating conditions to use Connecticut’s medical marijuana program.

Restraining Orders – requires people with temporary restraining orders against them to transfer their firearms to police/firearms dealer within 24 hours of being served with the order.

Retirement Accounts – bill creates a new agency that will establish a Roth individual retirement savings account for private sector workers who employee have at least five employees.

Ban the Box – A watered down version (**HB 5237 - AN ACT CONCERNING FAIR CHANCE EMPLOYMENT**) was passed by both chambers. For now, employers need only amend their employment application to remove the box that asks about “prior arrests, criminal charges, or convictions.” But nothing prevents a follow-up form from being requested or prevents these issues from being discussed in the job interview itself. As the CBIA noted, the revised version that passed is a “wise reworking” and the utilities supported these changes.

FAILED:

Tesla – Would have allowed electric car maker Tesla to sell its vehicles directly to consumers, bypassing the state’s dealer system.

Fantasy Sports – Despite being in early tax bill, lawmakers didn’t act on legislation that would authorize fantasy sports. Connecticut AG George Jepson opined that it could risk the state’s slot machine revenue agreement with the two federally recognized Indian tribes.

Gambling Study – a proposal to study the impact of allowing a third casino in the state died in committee.

Energy & Technology Committee Highlights

For the season consecutive session, the Energy & Technology Committee was led by chairs, Senator Paul Doyle (D-Wethersfield) and Representative Lonnie Reed (D-Branford). The two ranking leaders were Senator Paul Formica (R-East Lyme) and Representative Tim Ackert (R-Coventry).

The state’s two electric utilities fared well with some favorable energy legislation during the 2016 session. Both company’s subject matter experts and outside consultants were active, participating in major areas of discussion during the 3-month session, consistently articulating the key positions, while continuing a collaborative relationship with the state’s key stakeholder groups (Energy committee, Governor’s staff, DEEP and PURA).

Similar to 2015, the committee held “informational sessions” early in the session (Feb. 9 and 11), that allowed all stakeholders to provide their viewpoint on previous energy legislation and its impacts.

In late March, the Committee held another information session, focused on nuclear power in state, and featured a guest speaker (Evan Bayh, *Nuclear Matters*), along with a presentation on the “viability” of Dominion’s units in Connecticut (Millstone I, II). This information paved way for a late-session bill that sparked great controversy and opportunity for the EDC’s.

The Committee moved just 21 bills, with a little more than half having an impact on the utilities. Several bills had JFS language, and both chairs emphasized that all bills were “works in progress” which resulted in the utilities being involved to review and advised on new language.

Among some of the prominent energy legislation of importance to the state’s two electric distribution utilities, included:

PASSED: HB 5427 – AAC SHARED SOLAR

The utilities worked collaboratively with DEEP, PURA, and Governor’s office to advance the shared solar pilot program, which had stalled following the passage of legislation in 2015 (Public Act 15-113). Upset solar advocates were pushing to remove the pilot, and have the program open ended.

The EDC’s supported the establishment of this pilot program and the requirement of a competitive solicitation by the DEEP as a sound approach to controlling costs and minimizing negative rate impacts to non-participating customers. Important modifications to the prior Shared Clean Energy pilot program were made, including billing credits issued through the EDCs, tariff mechanisms to purchase the energy products produced by the facilities, and the EDCs’ ability to recover reasonable costs. Lastly, the requirement that a report be filed at the end of the pilot program will allow all stakeholders to fully analyze the costs and benefits associated with the Shared Clean Energy pilot.

The bill entitles the EDCs to recover the reasonable costs and expenses they prudently incur implementing and operating the program through a reconciling electric rate component, as determined by PURA. The EDCs can recover their costs and expenses for the pilot program’s term or while any facility is enrolled in the tariff (up to 20 years), whichever is longer.

The bill easily passed both chambers, and was signed into law by the Governor on Monday, May 16.

PASSED: SB 394 - AAC AUTHORIZATIONS RELATING TO VIRTUAL NET METERING FOR CERTAIN ZERO OR LOW EMISSION GENERATION PROJECTS.

The EDC’s were instrumental to develop revised statutory language to limit new municipal VNM projects to specific municipalities (who were stranded) set forth by the Legislature in previous legislations.

Early in the session, a list of specific municipal projects that claimed to be on the Virtual New Metering “waiting list” was circulated amongst the E&T committee. In a public hearing, several municipalities (though solar developers in the state) expressed discontent because they expended money in furtherance of the projects, only to learn that the cap had been met and that they may not qualify for funding.

The EDC’s worked collaboratively with the Committee chairs, and REEBA (Renewable Energy and Efficiency Business Association) to develop new language that would allow those projects to receive funding, while at the same time, limiting the program so that the flood gates would not be opened for myriad of other projects. Ultimately, the municipal cap was increased by \$6 million to allow the municipal projects to go forward and set forth application requirements that prohibited any other projects from qualifying.

PASSED: HB 5150 – AAC TREE WARDENS' NOTICES ON TREES AND SHRUBS PRIOR TO REMOVAL, TREE REMOVAL ALONG STATE HIGHWAYS AND CLEAN-UP BY PUBLIC UTILITY CORPORATIONS FOLLOWING CERTAIN TREE REMOVAL

The EDC’s collaborated to reduce the sweeping posting requirements for tree trimming.

As originally presented in the Environment Committee, the EDC’s, would have been required to post (via the town’s tree wardens) every tree, shrub, or group of shrubs that it intended to trim and further, the bill would have required tree wardens to hold a hearing any time anyone objected to such trimming. This requirement would essentially slow down all tree trimming/removals and increase costs of the program. Working with the bill proponent (Rep. Mike D’Agostino, D-Hamden and Environment Committee chair Rep. James Albis, D-East Haven), the EDC’s were able to delete the sweeping language that would have required these drastic measures.

The proposal language of the bill targeted Connecticut Department of Transportation’s tree removal activities (much to the ire of many legislators in the state), most notably on major highways in the state. Fortunately, CT DOT was able to strike a deal with Transportation Committee chair Tony Guerrero (D-Rocky Hill) in the final week of the session, and strip out the entire language that dealt with its agency, much to the dismay of many legislators, including the proponent.

This bill imposes two requirements on the utilities related to vegetation management (both of which the Companies already do in their normal operations). The bill requires, by January 31, 2017, utilities intending to conduct vegetation management to provide the municipal tree warden or chief elected official 1) an annual plan with the proposed roads or areas for vegetation management activity; and 2) an estimated schedule for the work. Within 14 days after receiving the plan, the municipality must make it publicly available for the rest of the year, either electronically or by some other method. The bill also requires utilities to remove any debris from vegetation management activities conducted in “utility protection zones” *only* when such removal is related to work that the utility requested and received approval from a tree warden or other applicable authority (thereby excluding tree work conducted during storms).

The bill was signed into law by Governor Malloy on May 13.

FAILED: SB 344 – AA REQUIRING A STUDY OF THE ADEQUACY OF ENERGY SUPPLIES IN THE STATE.

Following the infamous “Millstone Information Session” in late March, there was a placeholder. After several discussions and agreements with the EDC's, the administration, legislators and Dominion, the bill was redrafted to provide for an RFP, included utility remuneration (a concept added for the first time ever in a piece of legislation) and assurances of customer protections. Ultimately the proposal was never acted upon in the House of Representatives even after unanimous Senate approval.

The Senate's unanimous passage Friday, April 29 of a bill sought by Dominion Resources, the owner of Millstone Nuclear Power Station, to change the rules for procuring electricity, ignited a lobbying war over the final weekend of the session. Environmentalists and consumer advocate group (led by Connecticut Citizen Action Group, AARP and Connecticut Fund for the Environment) and competing energy companies (NRG, Calpine, Dynegy, and GDF Suez among others) mobilized, complaining that the Senate adopted complex regulatory language that never was subject to a public hearing. They complained it “stacks the deck” in favor of not only nuclear power - but specifically of Millstone's power.

The House did not take up the Millstone bill as disagreements occurred in the Democratic caucus. The bill currently is dead, but expect something similar in the 2017 session.

Other Energy Legislation of Note:

PASSED: HB 5510 – AAC ELECTRIC AND FUEL CELL ELECTRIC VEHICLES.

The EDC's tracked this bill, and was supportive of changes made from the proposed bill that was developed in the E&T committee.

The bill prepares EDCs, municipalities, public and private merchants, and electrical contractors for the presence and operation of electric, zero-emission, and fuel cell vehicles in the state, makes changes regarding parking of hydrogen fuel vehicles under grade level, and makes changes regarding labeling of vehicles that carry pressurized gas as fuel.

Definitions within the statute were changed to clarify that simply owning an EV charging station does not qualify the owner as a public utility simply by virtue of said ownership.

The statute also calls for PURA to determine, by June 1, 2017, whether it is appropriate to implement specific rate design standards within two years and also for PURA to consider and determine whether it is appropriate to implement EV time of day rates for residential and commercial customers. PURA may consider the aforementioned standards concurrently with an EDC's rate case. Finally, the EDC's will be compelled to publish EV forecasts for distribution planning on the web.

PASSED: SB 366 - AN ACT CONCERNING ADMINISTRATION OF THE CONNECTICUT GREEN BANK, THE PRIORITY OF THE BENEFIT ASSESSMENTS LIEN UNDER THE GREEN BANK'S COMMERCIAL SUSTAINABLE ENERGY PROGRAM AND THE GREEN BANK'S SOLAR HOME RENEWABLE ENERGY CREDIT PROGRAM.

This bill (1) removes the Connecticut Green Bank from Connecticut Innovations, Incorporated, providing more transparency (as an independent bank) (2) gives the Connecticut Green Bank additional powers in hiring (but clarifies conflicts of interest), (3) make changes regarding the priority of the benefit assessments lien under the Connecticut Green Bank's commercial sustainable energy program, (4) make changes to the solar home renewable energy credit program, and (5) make other technical and conforming changes.

PASSED: SB 334 - AN ACT CONCERNING REVISIONS TO CERTAIN ENERGY PURCHASING POOL AND LIFE-CYCLE COST ANALYSES STATUTES.

The EDC's supported this bill especially the first section, which solidified language regarding being able to recover costs associate with the share clean energy pilot program.

The bill (1) allows EDC's to recover costs associated with the shared clean energy facilities pilot program, (2) makes changes regarding contracting in connection with the purchasing pool for electricity, (3) makes changes to the requirements for energy performance standards and life-cycle cost analyses, (4) removes the federal weatherization program from the purview of the Department of Social Services, and (5) makes other conforming and technical changes.

FAILED: HB 5509 - AN ACT REQUIRING A STUDY REGARDING ELECTRIC DISTRIBUTION COMPANIES.

As originally presented, this bill would have required the EDC's to submit annual reports to PURA detailing myriad aspects of our work including a plan for the maintenance of poles, wires, and conduits; a summary of staffing levels for maintenance of said fixtures; a program for vegetation management; and a summary of lineworker staffing levels. The bill also included a requirement that each EDC employ a minimum number of electric lineworkers per customer. The EDC's testified against the bill during its public hearing on March 10.

JFS language was passed out of committee calling for a PURA study, looking into four specific areas: 1) an analysis and comparison of the staffing levels, including, but not limited to, the number of electric service line workers, that such EDC maintains in CT and in other states, including, but not limited to, MA; 2) an analysis of the impact on service to customers as a result of the closure of any EDC service center that has occurred since January 1, 2010, and the potential impact on service to customers as a result of any scheduled, planned or otherwise announced closure of any EDC service centers; 3) an analysis of the terms and requirements of any merger agreement in which any EDC was involved since January 1, 2010, and the extent to which such EDC has complied with such terms and requirements; and 4) an analysis of the findings and recommendations of the Governor's Two Storm Panel, as described in the Report of the Two Storm Panel, an analysis of how such findings and recommendations apply to electric

distribution companies, and an analysis of the extent to which electric distribution companies have followed such recommendations.

Fortunately, the language focused on a study of EDC's that serve more than 17 towns (which omits UI). The utilities continued to lobby against the bill when it moved out of the Committee, and worked closely with PURA's lobbyist to explain that the various aspects of the study for which this bill calls, have already been explored by them. The bill died on the Senate calendar.

FAILED: HB 5504 - NOTICE AND PUBLIC INFORMATION SESSIONS FOR PROJECTS CONSIDERED AND APPROVED BY THE SITING COUNCIL.

This proposed bill, introduced by Rep. Prasad Srinivasan (R-Glastonbury) and emanated from the CNG Fuel Cell project in that town, would set forth additional notice and hearing requirements for projects failing to meet certain construction deadlines. The utilities had concerns with this bill. Ultimately, this bill died on the House calendar.

This bill would have required the Connecticut Siting Council (CSC) to hold hearing and require additional notices if a facility that it approved failed to meet certain construction deadlines. By law, developers must obtain a Siting Council certificate before building or modifying a variety of energy and telecommunications facilities. For facilities that obtained a certificate on or after July 1, 2016, the bill required the CSC to hold a public information session about the facility's status if construction had not started within three years after the council issued its certificate. The CSC would have been required to (1) hold the session in the same county that it held the public hearing for the facility during the certification process; and (2) provide notice about the session's date and location the same way that it provides notice for public hearings. If a facility's construction was not completed within three years after the CSC issued its certificate, the bill required the council to provide a new copy of the facility's notice of application the same way that the original notice of application was provided.

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