
OLR Bill Analysis

HB 5469

AN ACT CONCERNING COLOCATED ELECTRIC SUPPLIERS AND LARGE ELECTRIC LOAD CUSTOMERS.

SUMMARY

This bill generally establishes a framework for regulating the electric supply of certain large electric load customers (for example, large data centers). Primarily, the bill (1) sets licensure requirements for co-located electric suppliers who provide electricity to large load customers and (2) requires the electric distribution companies (EDCs; Eversource and United Illuminating) to create new tariffs (rate schedules and related requirements) for providing electricity to other large electric load customers that interconnect to the state's distribution or transmission system after October 1, 2026 (grid-connected large load customers).

Under the bill, a "large electric load customer" is any electric customer whose peak demand is at least 50 megawatts. A "co-located electric supplier" is any person (including entities) that provides, or plans to provide, electric generation services to a large electric load customer (1) through a physical connection behind the customer's point of interconnection with the electric distribution or transmission system (for example, behind-the-meter on-site generation) or (2) if both the supplier and the customer have no connection to the electric distribution or transmission system (generation that connects only with the customer and not the grid).

The bill generally subjects co-located suppliers to the same licensing procedures and provisions as retail electric suppliers, including provisions that require licensees to annually submit certain information to the Public Utilities Regulatory Authority (PURA) and prohibit transferring a license without PURA's approval. However, the bill also allows PURA to waive certain provisions. It also sets certain licensing criteria specific to co-located suppliers, such as a requirement for them

to supply all of their large electric load customer's anticipated electric load, plus an additional amount to cover a specified reserve margin, with energy from new generation (that entered service after July 1, 2026), subject to certain exceptions.

Through the new tariffs for grid-connected large electric load customers, the bill generally requires, among other things:

1. the customer to contract with new generation for all of the customer's anticipated electric load, plus an additional amount to cover a specified reserve margin;
2. PURA to consider, when deciding whether to approve the tariff, whether it reasonably protects other ratepayers against increased retail rates due to new or increased transmission, distribution, capacity, energy, or other costs; and
3. the EDCs to ensure that a new large electric load customer has adequate financial guarantees to pay for at least 85% of its requested electric service for at least 10 years.

The bill requires PURA, by January 1, 2027, to open a proceeding to implement the bill's provisions on co-located supplier licenses and tariffs for grid-connected large electric load customers. It also makes numerous minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2026

CO-LOCATED ELECTRIC SUPPLIERS

The bill requires any person, municipality, or regional water authority that wants to sell, attempt to sell, or otherwise provide electric generation services to a large electric load customer in a co-located or behind-the-meter arrangement to first obtain a co-located electric supplier license from PURA.

Licensing Provisions Specific to Co-Located Suppliers

The bill generally requires a co-located electric supplier licensee to meet the same licensing process and requirements as a licensed retail

electric supplier, although it also allows PURA to waive or modify many of them (see below). However, it also adds additional requirements specific to co-located electric supplier licenses.

More specifically, to qualify for a license a co-located electric supplier must file an application with PURA. The bill sets licensure requirements on new generation, annual reporting, and renewable portfolio standard (RFS) compliance, as described below.

Supply From New Generation. The co-located supplier must supply at least 100% of its large electric load customer's anticipated electric load, plus an additional amount to cover a specified reserve margin determined by PURA, from a generation source that enters service on or after July 1, 2026, or from an incremental increase to an existing generation resource's nameplate capacity that PURA determines to be adequate. However, PURA may waive this requirement if it is (1) in the best interest of all ratepayers in the state; (2) consistent with the state's Integrated Resources Plan (IRP), if applicable; and (3) consistent with the state's Comprehensive Energy Strategy, if applicable.

Annual Report. The co-located supplier must file an annual report with PURA that describes the generation and load characteristics of the co-located supplier and large electric load customer to show PURA that the co-located supplier complies with the supply requirements described above.

Renewable Portfolio Standard. The co-located supplier must comply with the state's RFS requirements for retail electric suppliers. However, for any generation source used by a co-located supplier that enters service on or after December 31, 2030, PURA may require the co-located supplier to retire a greater number of regional renewable energy certificates than the RPS requires if PURA finds that the IRP supports such a requirement.

Generally, the RPS law requires EDCs and retail suppliers to procure an increasing portion of their power from certain renewable and other clean energy resources.

Applicable Retail Supplier Licensing Provisions

As mentioned above, the bill also generally requires a co-located electric supplier to meet the same licensing process and requirements as a licensed retail electric supplier. Among other things, these provisions generally:

1. allow PURA to condition a license on proof that the applicant's products are not overpriced or harmful to residential customers;
2. require a license applicant to show that it has the technical, managerial, and financial capability to provide electric generation services and maintain a bond or other security to ensure its financial responsibility;
3. specify the license application and approval process;
4. require a licensed supplier to notify PURA at least 10 days in advance of a change in its corporate structure or scope of service;
5. require PURA's approval before a license or customer may be assigned or transferred; and
6. allow PURA to issue civil penalties for noncompliance with the supplier licensing laws.

Retail Supplier Requirements That PURA May Waive for Co-Located Suppliers

The bill allows PURA, in its discretion, to waive or modify for a co-located electric supplier certain provisions that currently apply to licensed retail electric suppliers. Among other things, these provisions generally require licensed suppliers to:

1. comply with the National Labor Relations Act, if applicable, and the Connecticut Unfair Trade Practices Act;
2. have their generating facilities comply with state laws on siting electric generation facilities and emissions;
3. comply with the state's RPS law;

4. join the New England Power Pool and comply with the regional independent system operator's (ISO-NE) rules and guidelines;
5. agree to cooperate with PURA if there is an emergency condition that may jeopardize the safety and reliability of electric service;
6. comply with the code of conduct for EDCs;
7. comply with the Federal Energy Regulatory Commission's applicable licensing requirements;
8. offer a time-of-use price option to customers; and
9. acknowledge that it is subject to certain state taxes and pay all state taxes it is subject to.

The bill also allows PURA, in its discretion, to waive or modify for a co-located electric supplier current provisions that generally (1) subject licensed suppliers to PURA-imposed civil penalties for failing to comply with their licensing conditions or violating the supplier licensing law and (2) require certain payments by and procedures for suppliers who fail to meet certain RPS requirements.

Declaratory Rulings

The bill allows any person, municipality, or regional water authority to seek a declaratory ruling from PURA to determine whether any existing project or any project they planned or proposed will be deemed a co-located electric supplier. The bill also allows PURA, on its own motion, to open a proceeding to investigate any person supplying electricity to a large electric load customer or a potential large electric load customer to determine whether the person is acting as an unlicensed co-located electric supplier.

GRID-CONNECTED LARGE ELECTRIC LOAD CUSTOMERS

The bill requires each EDC and municipal utility, by April 1, 2027, to file with PURA a proposal for a tariff on providing electricity to large electric load customers that interconnect to the distribution or transmission system in the state after October 1, 2026. (The bill does not

define “municipal utility,” but presumably, this would only include municipal electric companies.)

Except for large electric load customers served by a co-located electric supplier, the tariff must at least require the large load customer to contract with or otherwise provide for a generation source that supplies at least 100% of the customer’s anticipated electric load, plus an additional amount to cover a specified reserve margin determined by PURA, from a generation source that enters service on or after July 1, 2026, and that has not previously cleared an ISO-NE capacity market auction. The tariff must also account for any potential transmission or distribution impacts of any large electric load customer on all other ratepayers in the state, including any large electric load customers served by a co-located electric supplier.

Once an EDC or municipal utility files the tariff, the bill requires PURA to open a proceeding to review and seek public comment on the proposal. In determining whether to approve or modify the proposal, PURA must consider whether it reasonably protects ratepayers who are not large electric load customers against increased retail rates due to new or increased transmission, distribution, capacity, energy, or other costs resulting solely or primarily from serving large electric load customers.

The bill requires PURA, in carrying out the bill’s provisions, to require each EDC or municipal utility to:

1. ensure that any new large electric load customer has adequate financial guarantees that it will pay for at least 85% of the electric service it requests for at least 10 years after its electric service begins;
2. require any new large electric load customer to (a) show, to PURA’s reasonable satisfaction, that its proposed project is unique and not duplicative of any other large electric load customer project, whether located in the state or elsewhere, and (b) identify the project’s interdependencies;

3. provide for the posting of deposits or financial security, in a PURA-approved form (and in addition to any other PURA-required security), sufficient to protect ratepayers against a material rate increase if the large electric load customer project ceases operations or requires less electric service than anticipated over the 10-year period after service begins; and
4. implement any other provisions that PURA deems necessary to protect ratepayers in the state.

The bill allows PURA, regardless of the bill’s tariff provisions, to waive the new generation requirement for a large electric load customer that does not have a co-located electric supplier (the requirement to be served by a generation source that enters service on or after July 1, 2026, and that has not previously cleared an ISO-NE capacity market auction). To do so, the customer must show PURA that it has sufficient electric demand flexibility to eliminate the need for the generation. The bill gives PURA discretion to determine what constitutes an appropriate level of electric demand flexibility. But in exercising this discretion, PURA must consider how ISO-NE treats electric demand or operational flexibility in transmission and resource adequacy planning.

OTHER PROVISIONS

The bill specifies that it does not limit the Connecticut Siting Council’s authority to act on siting any facility. It also specifies that a co-located electric supplier is not a “self-generation facility.” Generally, the law requires customers who have installed self-generation facilities to pay a PURA-determined fee to offset any revenue loss or potential loss to the competitive transition assessment, the systems benefits charge, the conservation adjustment mechanisms, and the Clean Energy Fund assessment charged on ratepayers’ electric bills.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 26 Nay 0 (03/19/2026)