
OLR Bill Analysis

SB 383

AN ACT CONCERNING THE EFFECT OF OFFSHORE WIND FACILITIES ON STATE FISHERIES.

SUMMARY

This bill requires bidders selected in the Department of Energy and Environmental Protection's (DEEP) offshore wind solicitation (see BACKGROUND) to make payments into a fund to mitigate adverse effects to wildlife, fisheries, and any other aspects of the fishing industry due to the bidder's activities connected with offshore wind facility development and operation. (The bill does not explicitly establish or define the fund.)

Under the bill, DEEP must include requirements for contract commitments in selected bids to make these payments. This applies to bids submitted starting July 1, 2024, and includes (1) an initial \$2 million payment, due on the date energy providers for the selected bid enter into a power purchase agreement (PPA) and (2) a payment for each kilowatt hour of electricity the facility generates, jointly paid by the energy provider and the associated transmission provider, for the PPA's duration.

The bill requires the Department of Administrative Services (DAS) commissioner to issue a request for proposals (RFP) to hire an independent contractor to serve as mitigation fund manager. It also creates an Offshore Wind Energy Mitigation Fund Oversight Committee to oversee and develop qualifications and duties for the mitigation fund manager.

The bill requires the mitigation fund manager to make distributions from the fund to any entity harmed by the adverse consequences to wildlife, fisheries, and the fishing industry. It subjects the fund manager to audits by the State Auditor of Public Accounts.

EFFECTIVE DATE: July 1, 2024

PAYMENTS INTO THE FUND

Starting July 1, 2024, the bill requires DEEP to include in its offshore wind solicitations requirements for contract commitments in selected bids that selected bidders, including transmission providers, make payments into a mitigation fund.

For selected bids, the bill requires offshore wind energy providers to make a \$2 million initial payment into the mitigation fund, due on the date energy providers for the selected bid enter into a PPA. Then, these providers and associated transmission providers must make joint payments into the fund for each kilowatt hour of electricity generated by the offshore wind facility, in an amount the mitigation fund manager determines (see below) and the Public Utilities Regulatory Authority (PURA) approves.

MITIGATION FUND MANAGER

Hiring and Qualifications

The bill requires the DAS commissioner to (1) issue an RFP by October 1, 2024, to hire an independent contractor to serve as the mitigation fund manager and (2) set deadlines for proposal submission and selection, as long as the commissioner selects the fund manager before the first payment into the fund is due.

Under the bill, the RFP must describe the (1) fund manager's qualifications and duties, that the Offshore Wind Mitigation Fund Oversight Committee develops (see below) and (2) oversight relationship between the oversight committee and the fund manager. The bill allows the DAS commissioner to require that the fund manager be a nonprofit organization.

In addition to any qualifications the oversight committee develops, the fund manager must have:

1. knowledge of offshore fishing and fishing rules and regulations,
2. wildlife expertise,

3. general knowledge of the offshore wind energy industry,
4. financial fund management experience, and
5. the ability to manage claims.

Duties

The bill requires the mitigation fund manager to determine the:

1. anticipated fund distributions;
2. payment per kilowatt hour amount sufficient to meet anticipated distributions, subject to PURA's review and approval;
3. collection method for the kilowatt hour payment; and
4. manner of distributing funds.

The bill allows the fund manager to make distributions from the fund to any person or entity harmed by the adverse effects to wildlife, fisheries, and any other aspects of the fishing industry from activities related to the offshore wind facility's development and operations, as determined by the fund manager.

OFFSHORE WIND MITIGATION FUND OVERSIGHT COMMITTEE

The bill establishes the Offshore Wind Mitigation Oversight Committee and requires it to oversee and develop duties and qualifications for the mitigation fund manager. The oversight committee is an independent body, within the Office of Policy and Management (OPM) for administrative purposes only. It has the following eight members:

1. DEEP's Wildlife Division and Fisheries Division directors or their designees;
2. a Commission on Environmental Standards member, appointed by the DEEP commissioner (see BACKGROUND);
3. the OPM secretary or his designee;
4. an offshore wind facility energy provider representative,

- appointed by the House speaker;
5. an electric transmission company representative, appointed by the Senate president pro tempore;
 6. a fishing industry representative, appointed by the House minority leader; and
 7. a nonprofit wildlife protection advocacy organization representative, appointed by the Senate minority leader.

BACKGROUND

Related Bill

sSB 385, favorably reported by the Energy and Technology Committee, extends the maximum term, from 20 to 30 years, for agreements selected under this offshore wind solicitation.

DEEP's Offshore Wind Solicitation

Existing law authorizes DEEP to solicit proposals from offshore wind providers and transmission providers (for transmission associated with offshore wind projects). Specifically, DEEP must solicit proposals for up to 2,000 megawatts in the aggregate by December 31, 2030.

For each solicitation DEEP conducts, the department must establish a Commission on Environmental Standards to give input on best practices to avoid, minimize, or mitigate impacts to wildlife, ecosystems, and commercial fishing, among other things. In their bids, bidders must include an environmental and fisheries maintenance plan for the facility's construction and operation.

For selected projects, the law authorizes DEEP to direct the electric distribution companies (i.e., Eversource and United Illuminating) to enter into PPAs for energy, capacity, and associated transmission for contracts of up to 20 years, subject to PURA's review and approval.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 20 Nay 0 (03/21/2024)