



House Bill No. 7501

June Special Session, Public Act No. 05-1

AN ACT CONCERNING ENERGY INDEPENDENCE.

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

Section 1. Subsection (a) of section 16-1 of the general statutes is amended by adding subdivisions (42) to (44), inclusive, as follows (*Effective from passage*):

(NEW) (42) "Combined heat and power system" means a system that produces, from a single source, both electric power and thermal energy used in any process that results in an aggregate reduction in electricity use;

(NEW) (43) "Grid-side distributed resources" means the generation of electricity from a unit with a rating of not more than sixty-five megawatts that is connected to the transmission or distribution system, which units may include, but are not limited to, units used primarily to generate electricity to meet peak demand; and

(NEW) (44) "Class III renewable energy source" means the electricity output from combined heat and power systems with an operating efficiency level of no less than fifty per cent that are part of customer-side distributed resources developed at commercial and industrial facilities in this state on or after January 1, 2006, or the electricity

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savings created at commercial and industrial facilities in this state from conservation and load management programs begun on or after January 1, 2006.

Sec. 2. Subdivisions (40) and (41) of subsection (a) of section 16-1 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(40) ["Distributed generation"] "Customer-side distributed resources" means (A) the generation of electricity from a unit with a rating of not more than sixty-five megawatts on the premises of [an] a retail end user within the transmission and distribution system including, but not limited to, fuel cells, photovoltaic systems or small wind turbines, or (B) a reduction in the demand for electricity on the premises of a retail end user in the distribution system through methods of conservation and load management, including, but not limited to, peak reduction systems and demand response systems; [and]

(41) "Federally mandated congestion [costs] charges" means any cost approved by the Federal Energy Regulatory Commission as part of New England Standard Market Design including, but not limited to, locational marginal pricing, locational installed capacity payments, any cost approved by the Department of Public Utility Control to reduce federally mandated congestion charges in accordance with this section, sections 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245m and 16-245n, as amended by this act, and sections 8 to 17, inclusive, and 20 and 21 of this act and reliability must run contracts.

Sec. 3. Subsection (d) of section 16-19ss of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) Nothing in this section shall be construed to allow an electric

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distribution company to own, operate, lease or control any facility or asset that generates electricity, or retain any interest in such facility or asset as part of any transaction concluded pursuant to this section, except as provided in subsection (e) of section 16-244e, as amended by this act, and section 12 of this act.

Sec. 4. Subdivision (6) of subsection (a) of section 16-244e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) Once unbundling is completed to the satisfaction of the department and consistent with the provisions of section 16-244, (A) any corporate affiliate or separate division that provides electric generation services as a result of unbundling pursuant to this subsection shall be considered a generation entity or affiliate of the electric company, and the division or corporate affiliate of the electric company that provides transmission and distribution services shall be considered an electric distribution company, and (B) an electric distribution company shall not own or operate generation assets, except as provided in subsection (e) of section 16-244e, as amended by this act, and section 12 of this act.

Sec. 5. Section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) On and after January 1, 2000, the Department of Public Utility Control shall assess or cause to be assessed a charge of three mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company to be used to implement the program as provided in this section for conservation and load management programs but not for the amortization of costs incurred prior to July 1, 1997, for such conservation and load management programs.

(2) Notwithstanding the provisions of this section, receipts from

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such charge shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the department shall, on or before October 30, 2003, issue a financing order for each affected electric distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of conservation and load management programs by substituting an equivalent amount, as determined by the department in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The department may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both the charge under this subsection and under subsection (b) of section 16-245n, as amended by this act, and also may, in its discretion, authorize the issuance of rate reduction bonds under this subsection and subsection (b) of section 16-245n, as amended by this act, that relate to more than one electric distribution company. The department shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charge imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and by sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for conservation and load management programs, provided such expenditures were approved by the department after August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge but such expenditures

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shall not exceed four million dollars per month. All receipts from the remaining charge imposed under this subsection, after reduction of such charge to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(b) The electric distribution company shall establish an Energy Conservation and Load Management Fund which shall be held separate and apart from all other funds or accounts. Receipts from the charge imposed under subsection (a) of this section shall be deposited into the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund by electric distribution companies to carry out the plan developed under subsection (d) of this section shall be authorized by the Department of Public Utility Control upon its approval of such plan.

(c) The Department of Public Utility Control shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) the Office of Consumer Counsel; (3) the Attorney General; (4) the Department of Environmental Protection; (5) the electric distribution companies in whose territories the activities take place for such programs; (6) a state-wide manufacturing association; (7) a chamber of commerce; (8) a state-wide business association; (9) a state-wide retail organization; (10) a representative of a municipal electric energy cooperative created pursuant to chapter 101a; (11) two representatives selected by the gas

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companies in this state; and [(10)] (12) residential customers. Such members shall serve for a period of five years and may be reappointed. Representatives of the gas companies shall not vote on matters unrelated to gas conservation. Representatives of the electric distribution companies and the municipal electric energy cooperative shall not vote on matters unrelated to electricity conservation.

(d) (1) The Energy Conservation Management Board shall advise and assist the electric distribution companies in the development and implementation of a comprehensive plan, which plan shall be approved by the Department of Public Utility Control, to implement cost-effective energy conservation programs and market transformation initiatives. The plan shall be consistent with the comprehensive energy plan approved by the Connecticut Energy Advisory Board pursuant to section 16a-7a at the time of submission to the department. Each program contained in the plan shall be reviewed by the electric distribution company and either accepted or rejected by the Energy Conservation Management Board prior to submission to the department for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges.

(2) There shall be a joint committee of the Energy Conservation Management Board and the Renewable Energy Investments Advisory Committee. The board and the advisory committee shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Renewable Energy Investment Fund pursuant to section 16-245n, as

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amended by this act, with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

~~[(2)]~~ (3) Programs included in the plan developed under subdivision (1) of subsection (d) of this section shall be screened through cost-effectiveness testing which compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Cost-effectiveness testing shall utilize available information obtained from real-time monitoring systems to ensure accurate validation and verification of energy use. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and ~~[March 1, 2006]~~ on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment ~~[which]~~ (A) that documents expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) that documents the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 17 of this act, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the

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Renewable Energy Investments Advisory Committee. The report shall include a description of the activities undertaken during the reporting period jointly or in collaboration with the Renewable Energy Investment Fund established pursuant to subsection (c) of section 16-245n, as amended by this act.

~~[(3)]~~ (4) Programs included in the plan developed under subdivision (1) of subsection (d) of this section may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; ~~(H) joint fuel conservation initiatives~~ programs targeted at reducing consumption of more than one fuel resource; and ~~[(H)]~~ (I) public education regarding conservation. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. ~~[Any other expenditure by the collaborative shall be limited to]~~ The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

(e) Notwithstanding the provisions of subsections (a) to (d),

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inclusive, of this section, the Department of Public Utility Control shall authorize the disbursement of a total of one million dollars in each month, commencing with July, 2003, and ending with July, 2005, from the Energy Conservation and Load Management Funds established pursuant to said subsections. The amount disbursed from each Energy Conservation and Load Management Fund shall be proportionately based on the receipts received by each fund. Such disbursements shall be deposited in the General Fund.

(f) No later than December 31, 2006, and no later than December thirty-first every five years thereafter, the Energy Conservation Management Board shall, after consulting with the Renewable Energy Investments Advisory Committee, conduct an evaluation of the performance of the programs and activities of the fund and submit a report, in accordance with the provisions of section 11-4a, of the evaluation to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 6. Section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section, "renewable energy" means solar energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydrogen production and hydrogen conversion technologies, [and] low emission advanced biomass conversion technologies, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems and other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission.

(b) On and after [January 1, 2000] July 1, 2004, the Department of Public Utility Control shall assess or cause to be assessed a charge of

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not less than [one-half of] one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Renewable Energy Investment Fund established under subsection (c) of this section. [On and after July 1, 2002, such charge shall be three-quarters of one mill and on and after July 1, 2004, such charge shall be one mill.] Notwithstanding the provisions of this section, receipts from such charges shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the department shall, on or before October 30, 2003, issue a financing order for each affected distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of renewable energy investment programs by substituting an equivalent amount, as determined by the department in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The department may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both charges under this subsection and subsection (a) of section 16-245m, as amended by this act, and also may in its discretion authorize the issuance of rate reduction bonds under this subsection and subsection (a) of section 16-245m, as amended by this act, that relate to more than one electric distribution company. The department shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charges imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for renewable

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resource investment through deposits into the Renewable Energy Investment Fund, provided such expenditures were approved by the department following August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge except that such expenditures shall not exceed one million dollars per month. All receipts from the remaining charges imposed under this subsection, after reduction of such charges to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Renewable Energy Investment Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the renewable energy investment component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(c) There is hereby created a Renewable Energy Investment Fund which shall be administered by Connecticut Innovations, Incorporated. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for renewable energy investments. Connecticut Innovations, Incorporated, may use any amount in said fund for expenditures which promote investment in renewable energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of renewable energy sources, related enterprises and stimulate demand for renewable energy and deployment of renewable energy sources which serve end use customers in this state. Such expenditures may include, but not be limited to, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of renewable energy technologies, and actions which expand the expertise of individuals,

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businesses and lending institutions with regard to renewable energy technologies.

(d) The chairperson of the board of directors of Connecticut Innovations, Incorporated, shall convene a Renewable Energy Investments Advisory Committee to assist Connecticut Innovations, Incorporated, in matters related to the Renewable Energy Investment Fund, including, but not limited to, development of a comprehensive plan and expenditure of funds. The advisory committee shall, in such plan, give preference to projects that maximize the reduction of federally mandated congestion charges. The plan shall be consistent with the comprehensive energy plan approved by the Connecticut Energy Advisory Board pursuant to section 16a-7a. The advisory committee shall include not more than twelve individuals with knowledge and experience in matters related to the purpose and activities of said fund. The advisory committee shall consist of the following members: (1) One person with expertise regarding renewable energy resources appointed by the speaker of the House of Representatives; (2) one person representing a state or regional organization primarily concerned with environmental protection appointed by the president pro tempore of the Senate; (3) one person with experience in business or commercial investments appointed by the majority leader of the House of Representatives; (4) one person representing a state or regional organization primarily concerned with environmental protection appointed by the majority leader of the Senate; (5) one person with experience in business or commercial investments appointed by the minority leader of the House of Representatives; (6) one person with experience in business or commercial investments appointed by the minority leader of the Senate; (7) two state officials with experience in matters relating to energy policy and one person with expertise regarding renewable energy resources appointed by the Governor; and (8) three persons with experience in business or commercial investments appointed by

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the board of directors of Connecticut Innovations, Incorporated. The advisory committee shall issue annually a report to such chairperson reviewing the activities of the fund in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy, the Department of Public Utility Control and the Office of Consumer Counsel. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the Energy Conservation and Load Management Funds established pursuant to section 16-245m, as amended by this act.

(e) There shall be a joint committee of the Energy Conservation Management Board and the Renewable Energy Investments Advisory Committee, as provided in subdivision (2) of subsection (d) of section 16-245m, as amended by this act.

(f) No later than December 31, 2006, and no later than December thirty-first every five years thereafter, the advisory committee shall, after consulting with the Energy Conservation Management Board, conduct an evaluation of the performance of the programs and activities of the fund and submit a report, in accordance with the provisions of section 11-4a, of the evaluation to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 7. Subsection (a) of section 16-245d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) The Department of Public Utility Control shall, by regulations adopted pursuant to chapter 54, develop a standard billing format that enables customers to compare pricing policies and charges among electric suppliers. Not later than January 1, [2005] 2006, the department

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shall adopt regulations, in accordance with the provisions of chapter 54, to provide that an electric supplier may provide direct billing and collection services for electric generation services and related federally mandated congestion [costs] charges that such supplier provides to its customers that [use a demand meter or] have a maximum demand of not less than [five] one hundred kilowatts and that choose to receive a bill directly from such supplier. An electric company, electric distribution company or electric supplier that provides direct billing of the electric generation service component and related federally mandated congestion [costs] charges, as the case may be, shall, in accordance with the billing format developed by the department, include the following information in each customer's bill, as appropriate: (1) The total amount owed by the customer, which shall be itemized to show, (A) the electric generation services component and any additional charges imposed by the electric supplier, if applicable, (B) the electric transmission and distribution charge, including all applicable taxes and the systems benefits charge, as provided in section 16-245l, as amended by this act, (C) the competitive transition assessment, as provided in section 16-245g, (D) federally mandated congestion [costs] charges, and (E) the conservation and renewable energy charge, consisting of the conservation and load management program charge, as provided in section 16-245m, as amended by this act, and the renewable energy investment charge, as provided in section 16-245n, as amended by this act; (2) any unpaid amounts from previous bills which shall be listed separately from current charges; (3) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; (4) the payment due date; (5) the interest rate applicable to any unpaid amount; (6) the toll-free telephone number of the electric distribution company to report power losses; (7) the toll-free telephone number of the Department of Public Utility Control for questions or complaints; (8) the toll-free telephone number and address of the electric supplier;

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and (9) a statement about the availability of information concerning electric suppliers pursuant to section 16-245p, as amended by this act.

Sec. 8. (NEW) (*Effective from passage*) (a) The Department of Public Utility Control shall, not later than January 1, 2006, establish a program to grant awards to retail end use customers of electric distribution companies to fund the capital costs of obtaining projects of customer-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act. Any project shall receive a one-time, nonrecurring award in an amount of not less than two hundred dollars and not more than five hundred dollars per kilowatt of capacity for such customer-side distributed resources, recoverable from federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act. No such award may be made unless the projected reduction in federally mandated congestion charges attributed to the project for such distributed resources is greater than the amount of the award. The amount of an award shall depend on the impact that the customer-side distributed resources project has on reducing federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act. Not later than October 1, 2005, the department shall conduct a contested case proceeding, in accordance with chapter 54 of the general statutes, to establish additional standards for the amount of such awards and additional criteria and the process for making such awards.

(b) The Department of Public Utility Control shall, not later than January 1, 2006, establish a program to grant to an electric distribution company a one-time, nonrecurring award to educate, assist and promote investments in customer-side distributed resources developed in such company's service territory, which resources the department determines will reduce federally mandated congestion charges, in accordance with the following: (1) On or before January 1, 2008, two hundred dollars per kilowatt of such resources, (2) on or

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before January 1, 2009, one hundred fifty dollars per kilowatt of such resources, (3) on or before January 1, 2010, one hundred dollars per kilowatt of such resources, and (4) fifty dollars per kilowatt of such resources thereafter. Payment of the award shall be made at the time each such resource becomes operational. The cost of the award shall be recoverable from federally mandated congestion charges. Revenues from such awards shall not be included in calculating the electric distribution company's earnings for the purpose of determining whether its rates are just and reasonable under sections 16-19, 16-19a and 16-19e of the general statutes.

Sec. 9. (NEW) (*Effective from passage*) (a) Not later than January 1, 2006, the Department of Public Utility Control shall select, pursuant to a competitive bid process, one or more persons to provide long-term financing for customer-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act, and advanced power monitoring and metering equipment purchased or leased by customers of electric distribution companies. Such person may not be an electric distribution company, as defined in said section 16-1, but may be a generation affiliate of such company. The department may retain a consultant to assist it in selecting such person or persons.

(b) A successful bidder pursuant to this section shall give preference for such long-term financing to projects of customer-side distributed resources and monitoring and metering equipment that maximize the reduction of the federally mandated congestion charges. Costs eligible for such financing shall include, but not be limited to, the capital costs of projects of customer-side distributed resources and advanced power monitoring and metering equipment. For financing provided by a successful bidder pursuant to this section, the department shall implement a buydown mechanism to reduce the effective annual interest rate to the person receiving the financing to a level that is no greater than the prime rate in effect on the date that the buydown

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begins for the person receiving the financing.

(c) A person providing financing pursuant to this section shall, after receiving approval from the department, enter into an agreement with an electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, for such company to provide billing services with respect to the payments due to the financing entity from the person receiving financing. The electric distribution company, as defined in said section 16-1, shall recover all reasonable costs incurred in implementing this section, including costs associated with the buydown pursuant to subsection (b) of this section, as federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act.

Sec. 10. (NEW) (*Effective from passage*) Not later than January 1, 2007, and annually thereafter, the Department of Public Utility Control shall assess the number and types of customer-side and grid-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act, projects financed pursuant to the provisions of this act and such projects' contributions to achieving fuel diversity, transmission support, and energy independence in the state. Not later than January 1, 2007, and biennially thereafter, the department shall collect the information in such annual assessments and report, in accordance with the provisions of section 11-4a of the general statutes, on the effectiveness of the award program established in section 8 of this act and on its findings to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 11. (NEW) (*Effective from passage*) On or before January 1, 2006, each electric distribution company shall institute a program to rebate to its customers with projects that use natural gas, which projects are customer-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act, an amount equivalent to the customer's retail delivery charge for transporting natural gas from the

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customer's local gas company to such customer's project of customer-side distributed resources. Costs of such a rebate shall be recoverable by the electric distribution company from the federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act. The department may adopt regulations, in accordance with chapter 54 of the general statutes, to implement the provisions of this section.

Sec. 12. (NEW) (*Effective from passage*) (a) The Department of Public Utility Control shall, on or before November 1, 2005, identify those measures that can reduce federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act, and that can be implemented, in whole or in part, on or before January 1, 2006. Such measures may include, but shall not be limited to, demand response programs, other distributed resources, and contracts between an electric distribution company, as defined in said section 16-1, and an owner of generation resources for the capacity of such resources. The department shall order each electric distribution company to implement, in whole or in part, on or before January 1, 2006, such measures as the department considers appropriate. The company's costs associated with complying with the provisions of this section shall be recoverable through federally mandated congestion charges.

(b) The department shall conduct a contested case, in accordance with chapter 54 of the general statutes, to establish the principles and standards to be used in developing and issuing a request for proposals under this section. The department shall complete such contested case on or before January 1, 2006.

(c) On or before February 1, 2006, the department shall conduct a proceeding to develop and issue a request for proposals to solicit the development of long-term projects designed to reduce federally mandated congestion charges for the period commencing on May 1,

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2006, and ending on December 31, 2010, or such later date specified by the department. For purposes of this section, projects shall include (1) customer-side distributed resources, (2) grid-side distributed resources, (3) new generation facilities, including expanded or repowered generation, and (4) contracts for a term of no more than fifteen years between a person and an electric distribution company for the purchase of electric capacity rights. Such request for proposals shall encourage responses from a variety of resource types and encourage diversity in the fuel mix used in generation. An electric distribution company may submit proposals pursuant to this subsection on the same basis as other respondents to the solicitation. A proposal submitted by an electric distribution company shall include its full projected costs such that any project costs recovered from or defrayed by ratepayers are included in the projected costs. An electric distribution company submitting a bid under this subsection shall demonstrate to the satisfaction of the department that its bid is not supported in any form of cross subsidization by affiliated entities. If such electric distribution company's proposal is approved pursuant to subsection (g) of this section, the costs and revenues of such proposal shall not be included in calculating such company's earning for purposes of, or in determining whether its rates are just and reasonable under sections 16-19, 16-19a and 16-19e of the general statutes. Electric distribution companies may under no circumstances recover more than the full costs identified in the proposals, as approved under subsection (g) of this section and consistent with subsection (h) of this section. Affiliates of the electric distribution company may submit proposals consistent with section 16-244h of the general statutes, regulations adopted under said section 16-244h and other requirements the department may impose. The department may request from a person submitting a proposal further information, that the department determines to be in the public interest, to be used in evaluating the proposal. The department shall determine whether costs associated with subsection (l) shall be considered in the

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evaluation or selection of bids.

(d) The department shall publish such request for proposals in one or more newspapers or periodicals, as selected by the department, and shall post such request for proposals on its web site. The department may retain the services of a third-party entity with expertise in the area of energy procurement to oversee the development of the request for proposals and to assist the department in its approval of proposals pursuant to this section. The reasonable and proper expenses for retaining such third-party entity shall be recoverable through federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act, which charges the department shall allocate to electric distribution companies in proportion to their revenue.

(e) Any person, other than an electric distribution company, submitting a proposal pursuant to subdivision (2), (3) or (4) of subsection (c) of this section shall include with its proposal a draft of a contract that includes the transfer to the electric distribution company of all the rights to the installed capacity, including, but not limited to, forward reserve capacity, locational forward reserve capacity and similar rights associated with such proposal, provided such rights shall not include energy. No such draft of a contract shall have a term exceeding fifteen years. Such draft contract shall include such provisions as the Department of Public Utility Control directs.

(f) Each person submitting a proposal pursuant to this section shall agree to forgo or credit reliability must run payments, locational installed capacity payments or payments for similar purposes for any project approved pursuant to subsection (g) of this section.

(g) The department shall, on or before May 1, 2006, evaluate such proposals received pursuant to subsection (c) of this section and may approve one or more of such proposals. The department shall give

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preference to proposals that (1) result in the greatest aggregate reduction of federally mandated congestion charges for the period commencing on May 1, 2006, and ending on December 31, 2010, or such later date specified by the department, (2) make efficient use of existing sites and supply infrastructure, and (3) serve the long-term interests of ratepayers. Projects proposed by persons other than electric distribution companies approved pursuant to this subsection may enter into long-term contracts pursuant to subsection (i) of this section. Projects approved pursuant to this subsection are eligible for expedited siting pursuant to subsection (a) of section 16-50k of the general statutes, as amended by this act. Customer-side distributed resource projects approved pursuant to this subsection shall be eligible for the incentives provided pursuant to sections 9, 11 and 14 of this act and this section, but shall not be eligible for the programs described in section 8 of this act.

(h) If a proposal from an electric distribution company is approved pursuant to subsection (g) of this section, such company may develop, own and operate such resource, provided such company shall, not later than five years after such resource begins commercial operation, (1) sell such resource in accordance with section 16-43 of the general statutes, or (2) auction the power or capacity, or both, associated with such resource pursuant to a plan approved by the department. The department shall, after notice and hearing, waive the requirements of subdivisions (1) and (2) of this subsection if it determines that compliance with such requirements would be detrimental to retail customers. Such electric distribution company shall recover, as federally mandated congestion charges, the unrecovered portions of the full projected costs in its proposal made under subsection (c) of this section.

(i) An electric distribution company shall negotiate in good faith the final terms of the draft contract, submitted under subsection (e) of this

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section and included in a proposal approved under subsection (g) of this section, and shall apply to the department for approval of each such contract. After thirty days, either party may request the assistance of the department to resolve any outstanding issues. No such contract may become effective without approval of the department. The department shall hold a hearing that shall be conducted as a contested case, in accordance with the provisions of chapter 54 of the general statutes, to approve, reject or modify an application for approval of a capacity purchase contract. No contract shall be approved unless the department finds that approval of such contract would (1) result in the lowest reasonable cost of such products and services, (2) increase reliability, and (3) minimize federally mandated congestion charges to the state over the life of the contract. Such a contract shall contain terms that mitigate the long-term risk assumed by ratepayers. No contract approved by the department shall have a term exceeding fifteen years. As determined by the department, the electric distribution company shall either sell into the capacity markets all or a portion of capacity rights transferred pursuant to this section and use all proceeds from such sales to offset federally mandated congestion charges incurred by all customers, or shall retain such capacity rights to offset electric capacity charges associated with transitional standard offer, standard service or service as supplier of last resort under section 16-244c of the general statutes, as amended by this act. The costs associated with long-term electric capacity contracts shall be recovered through federally mandated congestion charges.

(j) The provisions of section 16a-7c of the general statutes shall not apply to projects approved pursuant to this section.

(k) The department may order an electric distribution company to submit a proposal pursuant to the provisions of this section and may approve such a proposal under this section. Nothing in sections 16-1, 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-

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245m and 16-245n of the general statutes, as amended by this act, and sections 8 to 16, inclusive, and 20 and 21 of this act shall limit the department's ability to conduct requests for proposals, in addition to that in subsection (c) of this section, to reduce federally mandated congestion charges and to approve such proposals or otherwise to meet its responsibility under title 16 of the general statutes.

(l) The department shall hold a hearing that shall be conducted as a contested case, in accordance with the provisions of chapter 54 of the general statutes, to investigate any impact on the financial condition of electric distribution companies of long-term contracts entered into pursuant to this section and to establish, before issuing a request for proposals in accordance with subsection (c) of this section, the methodology for compensating the companies for such impacts. The methodology for addressing such impacts shall be included in the request for proposals under subsection (c) of this section, if appropriate. If the department determines that entering into such long-term contracts results in increased costs incurred by the electric distribution companies, the department, annually, shall allow such costs to be recovered through rates or in such manner as the department considers appropriate. The department shall determine whether such costs shall be considered in the evaluation or selection of bids under this section.

(m) An electric distribution company may not submit a proposal under this section on or after February 1, 2011. On or before January 1, 2010, the department shall submit a report, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy with a recommendation as to whether the period during which such company may submit proposals under this section should be extended.

(n) For purposes of subdivision (1) of subsection (c) of section 16-

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50p of the general statutes, there shall be a rebuttable presumption that there is a public benefit in building a facility, as defined in subdivision (1) of subsection (a) of section 16-50i of the general statutes, as amended by this act, that has been approved by the Department of Public Utility Control pursuant to this section.

(o) The aggregate electric generating capacity for all approved proposals by electric distribution companies pursuant to subsections (g) and (k) of this section may not exceed two hundred fifty megawatts of generating capacity state-wide. The department shall give guiding preference in approving the amount of generation capacity in proposals from electric distribution companies to the approximate proportion of each company's service area load.

(p) When the department selects a bid pursuant to subdivisions (2) and (3) of subsection (c) of this section from a person other than an electric distribution company, the department shall grant the electric distribution company that serves the area in which the subject grid-side distributed resource or new generation facility is to be located a one-time, nonrecurring award, for investments necessary to improve the electric distribution company's transmission and distribution system to accommodate such facilities, in accordance with the following: For a grid-side distributed resource or new generation facility that is operational (1) on or before January 1, 2010, twenty-five dollars per kilowatt, (2) on or before January 1, 2011, fifteen dollars per kilowatt, and (3) on or before January 1, 2012, five dollars per kilowatt. The cost of the award shall be recoverable from federally mandated congestion charges. No such award may be made unless the projected reduction in federally mandated congestion charges attributed to the investment is greater than the amount of the award. Revenues from such award shall not be included in calculating the electric distribution company's earnings for the purpose of determining whether its rates are just and reasonable under sections 16-19, 16-19a and 16-19e of the

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general statutes.

Sec. 13. (NEW) (*Effective from passage*) (a) Not later than October 1, 2005, each electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, shall submit an application to the Department of Public Utility Control to (1) on or before January 1, 2007, implement mandatory peak, shoulder and off-peak time of use rates for customers that have a maximum demand of not less than three hundred fifty kilowatts, and (2) on or before June 1, 2006, offer optional interruptible or load response rates for customers that have a maximum demand of not less than three hundred fifty kilowatts and offer optional seasonal and time of use rates for all customers. The application shall propose to establish time of use rates through a procurement plan, revenue neutral adjustments to delivery rates, or both.

(b) From March 1, 2006, until December 31, 2006, each electric distribution company shall issue comparative analyses to customers that have a maximum demand of not less than three hundred fifty kilowatts that would demonstrate, at current levels of consumption, the effects of the mandatory time of use rates as specified in subdivision (l) of subsection (a) of this section to be effective beginning January 1, 2007.

(c) Not later than November 1, 2005, each electric distribution company shall submit an application to the Department of Public Utility Control to implement mandatory seasonal rates for all customers beginning April 1, 2007.

(d) From April 1, 2006, until March 31, 2007, each electric distribution company shall issue comparative analyses to all customers that demonstrate, at current levels of consumption, the effects of the mandatory seasonal rates that will be effective beginning April 1, 2007.

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(e) The department shall hold a hearing that shall be conducted as a contested case, in accordance with the provisions of chapter 54 of the general statutes, to approve, reject or modify applications submitted pursuant to subsection (a) or (c) of this section. No application for time of use rates shall be approved unless (1) such rates reasonably reflect the cost of service during peak, shoulder, seasonal and off-peak periods, and (2) the costs associated with implementation, the impact on customers and benefits to the utility system justify implementation of such rates, and (3) such rates alter patterns of customer consumption of electricity without undue adverse effect on the customer.

(f) Each electric distribution company shall assist customers to help manage loads and reduce peak consumption through the comprehensive plan developed pursuant to section 16-245m of the general statutes, as amended by this act.

(g) The department shall conduct a contested case, in accordance with chapter 54 of the general statutes, to determine the standards under which, and process by which, a customer, having a maximum demand of three hundred fifty kilowatts or more, may obtain an exemption, until July 1, 2010, from mandatory time of use rates as specified in subdivision (1) of subsection (a) of this section. The department shall issue a decision in the contested case no later than January 1, 2006.

Sec. 14. (NEW) (*Effective from passage*) (a) If a customer of an electric distribution company implements customer-side distributed resource capacity after January 1, 2006, and such capacity is less than the customer's maximum metered peak load, the customer shall not be required to pay back-up power rates if the customer's distributed resources are available during system peak periods, provided the customer shall continue to be required to pay otherwise applicable charges for electricity provided by the electric distribution company.

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(b) The costs that a customer is not required to pay pursuant to subsection (a) of this section shall be recoverable through federally mandated congestion charges by the electric distribution companies.

Sec. 15. (NEW) (*Effective from passage*) (a) An electric distribution company may recover its costs and investments that have been prudently incurred under the provisions of sections 16-1, 16-19ss, 16-50k, 16-50x, 16-244c, 16-244e, 16,245d, 16-245m, and 16-245n, of the general statutes, as amended by this act, and sections 8 to 16, inclusive, and 20, 21 and 29 of this act. The Department of Public Utility Control shall, after a hearing held pursuant to the provisions of chapter 54 of the general statutes, determine the appropriate mechanism to obtain cost recovery in a timely manner which mechanism may be one or more of the following: (1) Approval of rates as provided in sections 16-19 and 16-19e of the general statutes; (2) the energy adjustment clause as provided in section 16-19b of the general statutes; or (3) the federally mandated congestion charges, as defined in section 16-1 of the general statutes, as amended by this act. If an electric distribution company has, for six consecutive months, earned a return on equity below the return authorized by the department, earnings of such electric distribution companies that are adversely affected owing to decreased energy use attributable to implementation of the provisions of sections 16-1, 16-19ss, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-245m, and 16-245n, of the general statutes, as amended by this act, and sections 8 to 16, inclusive, and 20, 21 and 29 of this act are recoverable pursuant to the provisions of section 16-19kk of the general statutes.

(b) Electric distribution companies shall be authorized to earn an incentive, as provided in section 16-19kk of the general statutes, for costs prudently incurred by such companies pursuant to this section.

Sec. 16. (NEW) (*Effective from passage*) (a) On and after January 1, 2007, each electric distribution company providing standard service pursuant to section 16-244c of the general statutes, as amended by this

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act, and each electric supplier as defined in section 16-1 of the general statutes, as amended by this act, shall demonstrate to the satisfaction of the Department of Public Utility Control that not less than one per cent of the total output of such supplier or such standard service of an electric distribution company shall be obtained from Class III resources. On and after January 1, 2008, not less than two per cent of the total output of any such supplier or such standard service of an electric distribution company shall, on demonstration satisfactory to the Department of Public Utility Control, be obtained from Class III resources. On or after January 1, 2009, not less than three per cent of the total output of any such supplier or such standard service of an electric distribution company shall, on demonstration satisfactory to the Department of Public Utility Control, be obtained from Class III resources. On and after January 1, 2010, not less than four per cent of the total output of any such supplier or such standard service of an electric distribution company shall, on demonstration satisfactory to the Department of Public Utility Control, be obtained from Class III resources. Electric power obtained from customer-side distributed resources that does not meet air quality standards of the Department of Environmental Protection is not eligible for purposes of meeting the percentage standards in this section.

(b) Except as provided in subsection (d) of this section, the Department of Public Utility Control shall assess each electric supplier and each electric distribution company that fails to meet the percentage standards of subsection (a) of this section a charge of up to five and five-tenths cents for each kilowatt hour of electricity that such supplier or company is deficient in meeting such percentage standards. Seventy-five per cent of such assessed charges shall be deposited in the Energy Conservation and Load Management Fund established in section 16-245m of the general statutes, as amended by this act, and twenty-five per cent shall be deposited in the Renewable Energy Investment Fund established in section 16-245n of the general

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statutes, as amended by this act, except that such seventy-five per cent of assessed charges with respect to an electric supplier shall be divided among the Energy Conservation and Load Management Funds of electric distribution companies in proportion to the amount of electricity such electric supplier provides to end use customers in the state using the facilities of each electric distribution company.

(c) An electric supplier or electric distribution company may satisfy the requirements of this section by participating in a conservation and distributed resources trading program approved by the Department of Public Utility Control. Credits created by conservation and customer-side distributed resources shall be allocated to the person that conserved the electricity or installed the project for customer-side distributed resources to which the credit is attributable and to the Energy Conservation and Load Management Fund. Such credits shall be made in the following manner: A minimum of twenty-five per cent of the credits shall be allocated to the person that conserved the electricity or installed the project for customer-side distributed resources to which the energy credit is attributable and the remainder of the credits shall be allocated to the Energy Conservation and Load Management Fund, based on a schedule created by the department no later than January 1, 2007, and reviewed annually thereafter. The department may, in a proceeding and for good cause shown, allocate a larger proportion of such credits to the person who conserved the electricity or installed the customer-side distributed resources. The department shall consider the proportion of investment made by a ratepayer through various ratepayer-funded incentive programs and the resulting reduction in federally mandated congestion charges. The portion allocated to the Energy Conservation and Load Management Fund shall be used for measures that respond to energy demand and for peak reduction programs.

(d) An electric distribution company providing standard service

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may contract with its wholesale suppliers to comply with the conservation and customer-side distributed resources standards set forth in subsection (a) of this section. The Department of Public Utility Control shall annually conduct a contested case, in accordance with the provisions of chapter 54 of the general statutes, to determine whether the electric distribution company's wholesale suppliers met the conservation and distributed resources standards during the preceding year. Any such contract shall include a provision that requires such supplier to pay the electric distribution company in an amount of up to five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the conservation and distributed resources standards during the subject annual period. The electric distribution company shall immediately transfer seventy-five per cent of any payment received from the wholesale supplier for the failure to meet the conservation and distributed resources standards to the Energy Conservation and Load Management Fund and twenty-five per cent to the Renewable Energy Investment Fund. Any payment made pursuant to this section shall not be considered revenue or income to the electric distribution company.

(e) The Department of Public Utility Control shall conduct a contested proceeding to develop the administrative processes and program specifications that are necessary to implement a Class III conservation and distributed resources trading program. The proceeding shall include, but not be limited to, an examination of issues such as (1) the manner in which qualifying activities are certified, tracked and reported, (2) the manner in which Class III certificates are created, accounted for and transferred, (3) the feasibility and benefits of expanding eligible Class III resources to include those resulting from electricity savings made by residential customers, (4) verification of the accuracy of conservation and customer-side distributed resources credits, (5) verification of the fact that resources or credits used to satisfy the requirement of this section have not been

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used to satisfy any other portfolio or similar requirement, (6) the manner in which credits created by conservation and customer-side distributed resources may best be allocated to maximize the impact of the trading program, and (7) setting such alternative payment amounts at a level that encourages development of conservation and customer-side distributed resources. The department may retain the services of a third party entity with expertise in the development of energy efficiency trading or verification programs to assist in the development and operation of the program. The department shall issue a decision no later than February 1, 2006.

Sec. 17. (NEW) (*Effective from passage*) (a) Each municipal electric utility created pursuant to chapter 101 of the general statutes or by special act shall, for investment in renewable energy sources and for conservation and load management programs pursuant to this section, accrue from each kilowatt hour of its metered firm electric retail sales, exclusive of such sales to United States government naval facilities in this state, no less than the following amounts during the following periods, in a manner conforming to the requirement of this section: (1) 1.0 mills on and after January 1, 2006; (2) 1.3 mills on and after January 1, 2007; (3) 1.6 mills on and after January 1, 2008; (4) 1.9 mills on and after January 1, 2009; (5) 2.2 mills on and after January 1, 2010; and (6) 2.5 mills on and after January 1, 2011.

(b) There is hereby created a Municipal Energy Conservation and Load Management Fund in each municipal electric energy cooperative created pursuant to chapter 101a of the general statutes, which fund shall be a separate and dedicated fund to be held and administered by such cooperative. Each municipal electric utility created pursuant to chapter 101 of the general statutes or by special act that is a member or participant in such a municipal electric energy cooperative shall accrue and deposit such amounts as specified in subsection (a) of this section into such fund. Any balance remaining in the fund at the end of any

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fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund shall be made pursuant to the comprehensive electric conservation and load management plan prepared by the cooperative in accordance with subsection (c) of this section.

(c) Such cooperative shall, annually, adopt a comprehensive plan for the expenditure of such funds by the cooperative on behalf of such municipal electric utilities for the purpose of carrying out electric conservation, investments in renewable energy sources, energy efficiency and electric load management programs funded by the charge accrued pursuant to subsection (a) of this section. The cooperative shall expend or cause to be expended the amounts held in such fund in conformity with the adopted plan. The plan may direct the expenditure of funds on facilities or measures located in any one or more of the service areas of the municipal electric utilities who are members or participants in such cooperative and may provide for the establishment of goals and standards for measuring the cost effectiveness of expenditures made from such fund, for the minimization of federally mandated congestion charges and for achieving appropriate geographic coverage and scope in each such service area. Such plan shall be consistent with the comprehensive plan of the Energy Conservation Management Board established under section 16-245m of the general statutes, as amended by this act. Such cooperative, annually, shall submit its plan to such board for review.

Sec. 18. Subsection (a) of section 16-50k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Except as provided in subsection (b) of section 16-50z, no person shall exercise any right of eminent domain in contemplation of, commence the preparation of the site for, or commence the construction or supplying of a facility, or commence any modification

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of a facility, that may, as determined by the council, have a substantial adverse environmental effect in the state without having first obtained a certificate of environmental compatibility and public need, hereinafter referred to as a "certificate", issued with respect to such facility or modification by the council, except fuel cells with a generating capacity of ten kilowatts or less which shall not require such certificate. Any facility with respect to which a certificate is required shall thereafter be built, maintained and operated in conformity with such certificate and any terms, limitations or conditions contained therein. Notwithstanding the provisions of this chapter or title 16a, the council shall, in the exercise of its jurisdiction over the siting of generating facilities, approve by declaratory ruling (1) the construction of a facility solely for the purpose of generating electricity, other than an electric generating facility that uses nuclear materials or coal as fuel, at a site where an electric generating facility operated prior to July 1, [1998] 2004, (2) the construction or location of any fuel cell, unless the council finds a substantial adverse environmental effect, or of any customer-side distributed resources project or facility or grid-side distributed resources project or facility with a capacity of not more than sixty-five megawatts, so long as such project meets air quality standards of the Department of Environmental Protection, and (3) the siting of temporary generation solicited by the Department of Public Utility Control pursuant to section 16-19ss, as amended by this act.

Sec. 19. (NEW) (*Effective from passage*) The provisions of sections 16-1, 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-245m and 16-245n of the general statutes, as amended by this act, and sections 8 to 17, inclusive, and 20, 21 and 29 of this act apply to customer-side distributed resources and grid-side distributed resources developed in this state that add electric capacity on and after January 1, 2006, and in accordance with the provisions of said sections 16-1, 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d,

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16-245m and 16-245n, and sections 8 to 17, inclusive, and 20, 21 and 29 of this act.

Sec. 20. (NEW) (*Effective from passage*) Not later than October 1, 2005, the Department of Public Utility Control and the Energy Conservation Management Board, established in section 16-245m of the general statutes, as amended by this act, shall establish links on their Internet web sites to the Energy Star program or successor program that promotes energy efficiency and each electric distribution company shall establish a link under its conservation programs on its Internet web site to the Energy Star program or such successor program.

Sec. 21. (NEW) (*Effective from passage*) The Department of Public Utility Control shall conduct an investigation on how best to decouple the earnings of natural gas companies and other public service companies from their sales to promote the state's energy policy. The department shall report, in accordance with the provisions of section 11-4a of the general statutes, its findings and recommendations for legislation to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology on or before January 1, 2006.

Sec. 22. Section 16-32f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) On or before October first of each even-numbered year, a gas company, as defined in section 16-1, as amended by this act, shall furnish a report to the Department of Public Utility Control containing a five-year forecast of loads and resources. The report shall describe the facilities and supply sources that, in the judgment of such gas company, will be required to meet gas demands during the forecast period. The report shall be made available to the public and shall be furnished to the chief executive officer of each municipality in the service area of such gas company, the regional planning agency which

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encompasses each such municipality, the Attorney General, the president pro tempore of the Senate, the speaker of the House of Representatives, the joint standing committee of the General Assembly having cognizance of matters relating to public utilities, any other member of the General Assembly making a request to the department for the report and such other state and municipal entities as the department may designate by regulation. The report shall include: (1) A tabulation of estimated peak loads and resources for each year; (2) data on gas use and peak loads for the five preceding calendar years; (3) a list of present and projected gas supply sources; (4) specific measures to control load growth and promote conservation; and (5) such other information as the department may require by regulation. A full description of the methodology used to arrive at the forecast of loads and resources shall also be furnished to the department. The department shall hold a public hearing on such reports upon the request of any person. On or before August first of each odd-numbered year, the department may request a gas company to furnish to the department an updated report. A gas company shall furnish any such updated report not later than sixty days following the request of the department.

(b) [A] Not later than October 1, 2005, and annually thereafter, a gas company, as defined in section 16-1, as amended by this act, shall submit to the Department of Public Utility Control a gas conservation plan, [along with the company's five-year forecast, as defined in subsection (a) of this section. The plan shall include: (1) Specific quantifiable conservation and load management targets; (2) conservation option descriptions, analyses and the methodology used to evaluate conservation options reviewed by such company; and (3) an estimation of conservation option costs and benefits, sufficiently detailed to allow the department to evaluate revenue requirements and other social and environmental costs and benefits, or such other components as the department may by order direct] in accordance

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with the provisions of this section, to implement cost-effective energy conservation programs and market transformation initiatives. All supply and conservation and load management options shall be evaluated and selected within an integrated supply and demand planning framework. [The department shall hold a public hearing on such plans in conjunction with the public hearing held pursuant to subsection (a) of this section. On or before August first of each odd-numbered year, the department may request a gas company to submit an updated plan to the department. A gas company shall furnish any such updated plan not later than sixty days following the request of the department.] The department shall, in an uncontested proceeding during which the department may hold a public hearing, approve, modify or reject the plan.

(c) (1) The Energy Conservation Management Board, established pursuant to section 16-245m, as amended by this act, shall advise and assist each such gas company in the development and implementation of the plan submitted under subsection (b) of this section. Each program contained in the plan shall be reviewed by each such gas company and shall be either accepted, modified or rejected by the Energy Conservation Management Board before submission of the plan to the department for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs.

(2) Programs included in the plan shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that the programs are designed to obtain gas savings whose value is greater than the costs of

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the program. Program cost-effectiveness shall be reviewed annually by the department, or otherwise as is practicable. If the department determines that a program fails the cost-effectiveness test as part of the review process, the program shall either be modified to meet the test or shall be terminated. On or before January 1, 2007, and annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment, that documents expenditures and funding for such programs and evaluates the cost-effectiveness of such programs conducted in the preceding year, including any increased cost-effectiveness owing to offering programs that save more than one fuel resource.

(3) Programs included in the plan may include, but are not limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes that are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, engineering studies and services related to new construction or major building renovations; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances, air conditioning and heating devices; (F) program planning and evaluation; (G) joint fuel conservation initiatives and programs targeted at saving more than one fuel resource; and (H) public education regarding conservation. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs, provided such consultants shall not be employed by, or have any contractual relationship with, a gas company. Such costs shall not

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exceed five per cent of the total cost of the plan.

(d) Nothing in this section shall be construed to require the Department of Public Utility Control to establish a conservation charge to support the programs in this section.

Sec. 23. Subsection (a) of section 16-50x of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) Notwithstanding any other provision of the general statutes to the contrary, except as provided in section 16-243, the council shall have exclusive jurisdiction over the location and type of facilities and over the location and type of modifications of facilities subject to the provisions of subsection (d) of this section. In ruling on applications for certificates or petitions for a declaratory ruling for facilities and on requests for shared use of facilities, the council shall give such consideration to other state laws and municipal regulations as it shall deem appropriate. Whenever the council certifies a facility pursuant to this chapter, such certification shall satisfy and be in lieu of all certifications, approvals and other requirements of state and municipal agencies in regard to any questions of public need, convenience and necessity for such facility.

Sec. 24. Subsection (a) of section 16-50i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) "Facility" means: (1) An electric transmission line of a design capacity of sixty-nine kilovolts or more, including associated equipment but not including a transmission line tap, as defined in subsection (e) of this section; (2) a fuel transmission facility, except a gas transmission line having a design capability of less than two hundred pounds per square inch gauge pressure or having a design

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capacity of less than twenty per cent of its specified minimum yield strength; (3) any electric generating or storage facility using any fuel, including nuclear materials, including associated equipment for furnishing electricity but not including an emergency generating device, as defined in subsection (f) of this section or a facility (i) owned and operated by a private power producer, as defined in section 16-243b, (ii) which is a qualifying small power production facility or a qualifying cogeneration facility under the Public Utility Regulatory Policies Act of 1978, as amended, or a facility determined by the council to be primarily for a producer's own use, and (iii) which has, in the case of a facility utilizing renewable energy sources, a generating capacity of one megawatt of electricity or less and, in the case of a facility utilizing cogeneration technology, a generating capacity of twenty-five megawatts of electricity or less; (4) any electric substation or switchyard designed to change or regulate the voltage of electricity at sixty-nine kilovolts or more or to connect two or more electric circuits at such voltage, which substation or switchyard may have a substantial adverse environmental effect, as determined by the council established under section 16-50j, and other facilities which may have a substantial adverse environmental effect as the council may, by regulation, prescribe; (5) such community antenna television towers and head-end structures, including associated equipment, which may have a substantial adverse environmental effect, as said council shall, by regulation, prescribe; (6) such telecommunication towers, including associated telecommunications equipment, owned or operated by the state, a public service company or a certified telecommunications provider or used in a cellular system, as defined in the Code of Federal Regulations Title 47, Part 22, as amended, which may have a substantial adverse environmental effect, as said council shall, by regulation, prescribe; and (7) any component of a proposal submitted pursuant to the request-for-proposal process.

Sec. 25. Subparagraph (D) of subdivision (2) of subsection (b) of

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section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(D) The transitional standard offer (i) shall be adjusted to the extent of any increase or decrease in state taxes attributable to sections 12-264 and 12-265 and any other increase or decrease in state or federal taxes resulting from a change in state or federal law, (ii) shall be adjusted to provide for the cost of contracts under subdivision (2) of subsection (j) of this section, as amended by this act, and the administrative costs for the procurement of such contracts, and (iii) shall continue to be adjusted during such period pursuant to section 16-19b. Savings attributable to a reduction in taxes shall not be shifted between customer classes. Notwithstanding the provisions of section 16-19b, the provisions of section 16-19b shall apply to electric distribution companies.

Sec. 26. Subsection (j) of section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(j) (1) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall contract with its wholesale suppliers to comply with the renewable portfolio standards. The Department of Public Utility Control shall annually conduct a contested case, in accordance with the provisions of chapter 54, in order to determine whether the electric distribution company's wholesale suppliers met the renewable portfolio standards during the preceding year. An electric distribution company shall include a provision in its contract with each wholesale supplier that requires the wholesale supplier to pay the electric distribution company an amount

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of five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period. The electric distribution company shall promptly transfer any payment received from the wholesale supplier for the failure to meet the renewable portfolio standards to the Renewable Energy Investment Fund for the development of Class I renewable energy sources. Any payment made pursuant to this section shall not be considered revenue or income to the electric distribution company.

(2) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall, not later than July 1, [2007] 2008, file with the Department of Public Utility Control for its approval one or more long-term power purchase contracts from Class I renewable energy source projects that receive funding from the Renewable Energy Investment Fund and that are not less than one megawatt in size, at a price that is either, at the determination of the project owner, (1) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (2) fifty per cent of the wholesale market electricity cost at the point at which transmission lines intersect with each other or interface with the distribution system, plus the project cost of fuel indexed to natural gas futures contracts on the New York Mercantile Exchange at the natural gas pipeline interchange located in Vermillion Parish, Louisiana that serves as the delivery point for such futures contracts, plus the fuel delivery charge for transporting fuel to the project, plus five and one-half cents per kilowatt hour. In its approval of such contracts, the department shall give preference to purchase contracts from those projects that would provide a financial benefit to ratepayers or would

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enhance the reliability of the electric transmission system of the state. Such projects shall be located in this state. The owner of a fuel cell project principally manufactured in this state shall be allocated all available air emissions credits and tax credits attributable to the project and no less than fifty per cent of the energy credits in the Class I renewable energy credits program established in section 16-245a, as amended by this act, attributable to the project. Such contracts shall be comprised of not less than a total, apportioned among each electric distribution company, of one hundred megawatts. The cost of such contracts and the administrative costs for the procurement of such contracts directly incurred shall be eligible for inclusion in the [generation services charge component of rates] adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided [that] such contracts are for a period of time sufficient to provide financing for such projects, but not less than ten years and are for projects which began operation on or after July 1, 2003. [The] Except as provided in this subdivision, the amount from Class I renewable energy sources contracted under such contracts shall be applied to reduce the applicable Class I renewable energy source portfolio standards. For purposes of this subdivision, the department's determination of the comparable wholesale market price for generation shall be based upon a reasonable estimate.

Sec. 27. (*Effective from passage*) The Department of Public Utility Control shall, not later than October 1, 2005, conduct a study to (1) determine a reasonable amount of compensation for each electric distribution company for providing standard service pursuant to section 16-244c of the general statutes, as amended by this act, and (2) determine whether each distribution company should receive compensation for providing service as the supplier of last resort pursuant to section 16-244c of the general statutes, as amended by this act. In making its recommendation, the department shall consider the

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costs the companies will incur in providing such services, the risks sustained by the companies in providing such services, the value to the companies' customers in providing such services, and the amount that a private third-party entity would seek as compensation for procuring contracts for such services. Not later than February 1, 2006, the department shall report its recommendation pursuant to this section to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 28. Section 16-245p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) An electric supplier and an electric distribution company providing standard service or back-up electric generation service, pursuant to section 16-244c, as amended by this act, shall submit information to the Department of Public Utility Control that the department, after consultation with the Consumer Education Advisory Council, established under section 16-244d, determines will assist customers in making informed decisions when choosing an electric supplier, including, but not limited to, the information provided in subsection (b) of this section. Each supplier or electric distribution company providing standard service or back-up electric generation service, pursuant to section 16-244c, as amended by this act, shall, at such times as the department requires, but not less than annually, submit [, on] in a form prescribed by the department, [quarterly reports containing information on rates] information that the department must make available pursuant to subsection (b) of this section and any other information the department [deems] considers relevant. [, including, but not limited to, any change in the information as required by the department.] After the department has received the information required pursuant to this subsection, the supplier shall be eligible to receive customer marketing information from electric or electric distribution companies, as provided in section 16-245o.

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(b) The Department of Public Utility Control shall maintain and make available to customers upon request, a list of electric aggregators and the following information about each electric supplier and each electric distribution company providing standard service or back-up electric generation service, pursuant to section 16-244c, as amended by this act: (1) Rates and charges; (2) applicable terms and conditions of a contract for electric generation services; (3) the percentage of the total electric output derived from each of the categories of energy sources provided in subsection (e) of section 16-244d, the total emission rates of nitrogen oxides, sulfur oxides, carbon dioxide, carbon monoxide, particulates, heavy metals and other wastes the disposal of which is regulated under state or federal law at the facilities operated by or under long-term contract to the electric supplier or providing electric generation services to an electric distribution company providing standard service or back-up electric generation service, pursuant to section 16-244c, and the analysis of the environmental characteristics of each such category of energy source prepared pursuant to subsection (e) of said section 16-244d and to the extent such information is unknown, the estimated percentage of the total electric output for which such information is unknown, along with the word "unknown" for that percentage; (4) a record of customer complaints and the disposition of each complaint; and (5) any other information the department determines will assist customers in making informed decisions when choosing an electric supplier. The department shall [update the information at least quarterly] make available to customers the information filed pursuant to subsection (a) of this section not later than thirty days after its receipt. The department shall put such information in a standard format so that a customer can readily understand and compare the services provided by each electric supplier.

(c) Each electric supplier and electric distribution company shall disclose to customers, in a manner prescribed by the department and

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not less than annually, such information as the department considers relevant. The department may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this subsection.

Sec. 29. Section 16-262i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) The Department of Public Utility Control shall adopt regulations necessary to carry out the purposes of sections 16-262c to 16-262h, inclusive.

(b) The department may adopt regulations in accordance with the provisions of chapter 54, setting forth the terms and conditions under which electric, electric distribution, gas, telephone and water companies, electric suppliers, certified telecommunications providers and municipal utilities furnishing electric, gas or water service may be prohibited from terminating service to a residential dwelling on account of nonpayment of a delinquent account in the name of the former spouse or spouse of the individual who occupies the dwelling, if the marriage of such individuals has been dissolved or annulled or such individuals are legally separated or have an action for dissolution or annulment of a marriage or for legal separation pending, pursuant to chapter 815j.

(c) The department may adopt regulations, in accordance with the provisions of chapter 54, setting forth the terms and conditions under which electric distribution, gas, telephone and water companies, electric suppliers, certified telecommunications providers and municipal utilities furnishing electric, gas, telecommunications or water service may terminate service for reasons other than nonpayment of a delinquent account.

Sec. 30. Section 16-331c of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective October 1, 2005*):

Each community antenna television company, as defined in section 16-1, as amended by this act, shall annually contribute to the advisory council in its franchise area an amount not less than two thousand dollars. An advisory council may at its option receive any or all of its funding through in-kind services of the community antenna television company. Each advisory council shall annually, on January [first] thirty-first, provide the Department of Public Utility Control with an accounting of any funding or services received.

Sec. 31. Subsection (f) of section 16-256i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(f) A telecommunications company, or its affiliate or authorized representative using telemarketing to initiate the sale of telecommunications services, which the department determines, after notice and opportunity for a hearing as provided in section 16-41, has failed to comply with the provisions of this section or section 16-256j shall pay to the state a civil penalty of not more than [five] ten thousand dollars per violation.

Sec. 32. Section 7-374 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) As used in this section, "town" includes each town, consolidated town and city and consolidated town and borough; "municipality" excludes each town and includes each other independent and dependent political and territorial division and subdivision.

(b) No town and no municipality coterminous with or within such town shall incur any indebtedness in any of the following classes through the issuance of bonds which will cause the aggregate indebtedness, in that class, of such town and of all municipalities

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coterminous with and within such town, jointly, to exceed the multiple stated below for each class times the aggregate annual receipts of such town and of all municipalities coterminous with and within such town, jointly, from taxation for the most recent fiscal year next preceding the date of issue: (1) All debt other than debt for urban renewal projects, water pollution control projects, school building projects, as defined in section 10-289, and the funding of an unfunded past benefit obligation, as defined in section 7-374c, two and one-quarter; (2) debt for urban renewal projects, three and one-quarter; (3) debt for water pollution control projects, three and three-quarters; (4) debt for school building projects, as defined in section 10-289, four and one-half; (5) debt for the funding of an unfunded past benefit obligation, as defined in section 7-374c, three; and (6) total debt including subdivisions (1), (2), (3), (4) and (5) of this subsection, seven. In the computation of annual receipts from taxation, there shall be included as such receipts interest, penalties, late payment of taxes and payments made by the state to such town and to municipalities coterminous with and within such town under section 12-129d and section 7-528. In computing such aggregate indebtedness, there shall be excluded each bond, note and other evidence of indebtedness (i) issued in anticipation of taxes; (ii) issued for the supply of water, for the supply of gas, for the supply of electricity, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments which have been levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from any state or federal grant for which the town or municipality has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such

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indebtedness can be paid from such proceeds; (v) issued for water pollution control projects in order to meet the requirements of an abatement order of the Commissioner of Environmental Protection, provided the municipality files a certificate signed by its chief fiscal officer with the commissioner demonstrating to the satisfaction of the commissioner that the municipality has a plan for levying a system of charges, assessments or other revenues which are sufficient, together with other available funds of the municipality, to repay such obligations as the same become due and payable; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient, together with such investment earnings thereon as are to be retained in said escrow, to provide for the payment when due of the principal of and interest on such bond, note or other evidence of indebtedness. "Urban renewal project", as used in this section, shall include any project authorized under title 8, the bonds for which are not otherwise, by general statute or special act, excluded from the computation of aggregate indebtedness or borrowing capacity. In the case of a town that is a member of a regional school district, a portion of the aggregate indebtedness of such regional school district shall be included in the aggregate indebtedness of such town for school building projects for the purposes of this section. Such portion shall be determined by applying to the indebtedness of the district, other than indebtedness issued in anticipation of the receipt by the district of payments by its member towns or the state for the operations of such district's schools and of proceeds from any state or federal grant for which the district has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds, such member town's percentage share of the net expenses of such district for the most recent fiscal year next preceding the date of issue payable by such town as

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determined in accordance with subsection (b) of section 10-51.

Sec. 33. Subdivision (1) of subsection (b) of section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(b) (1) (A) On and after January 1, 2004, each electric distribution company shall make available to all customers in its service area, the provision of electric generation and distribution services through a transitional standard offer. Under the transitional standard offer, a customer shall receive electric services at a rate established by the Department of Public Utility Control pursuant to subdivision (2) of this subsection. Each electric distribution company shall provide electric generation services in accordance with such option to any customer who affirmatively chooses to receive electric generation services pursuant to the transitional standard offer or does not or is unable to arrange for or maintain electric generation services with an electric supplier. The transitional standard offer shall terminate on December 31, 2006. While providing electric generation services under the transitional standard offer, an electric distribution company may provide electric generation services through any of its generation entities or affiliates, provided such entities or affiliates are licensed pursuant to section 16-245.

(B) The department shall conduct a proceeding to determine whether a practical, effective, and cost-effective process exists under which an electric customer, when initiating electric service, may receive information regarding selecting electric generating services from a qualified entity. The department shall complete such proceeding on or before December 1, 2005, and shall implement the resulting decision on or before March 1, 2006, or on such later date that the department considers appropriate. An electric distribution company's costs of participating in the proceeding and implementing the results of the department's decision shall be recoverable by the

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company as generation services costs through an adjustment mechanism as approved by the department.

Sec. 34. Subdivision (2) of subsection (a) of section 16-245a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

(2) An electric supplier or electric distribution company may satisfy the requirements of this subsection by (A) purchasing Class I or Class II renewable energy sources within the jurisdiction of the regional independent system operator, or, on and after January 1, 2010, within the jurisdiction of New York, Pennsylvania, New Jersey, Maryland, and Delaware, provided the department determines such states have a renewable portfolio standard that is comparable to this section; or (B) by participating in a renewable energy trading program within said jurisdictions as approved by the Department of Public Utility Control.

Sec. 35. (NEW) (*Effective from passage*) (a) The Department of Public Utility Control shall, not later than January 1, 2006, establish a program to grant awards from January 1, 2006, to December 31, 2010, of twenty-five dollars per kilowatt-year to electric distribution companies for programs, approved by the department and developed in this state on or after January 1, 2006, of load curtailment, demand reduction and retrofit conservation that reduce federally mandated congested charges for the period from January 1, 2006, to December 31, 2010, or such later date specified by the department. No such award may be made unless the projected reduction in federally mandated congestion charges attributed to the program is greater than the amount of the award. Such companies' costs associated with establishing a program for which an award is made and the cost of each such award shall be recoverable through the charge for federally mandated congestion charges. Revenues from such awards shall not be included in calculating the electric distribution company's earnings for the purpose of determining whether its rates are just and reasonable under sections

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16-19, 16-19a and 16-19e of the general statutes.

(b) Not later than January 31, 2007, and annually thereafter ending after January 31, 2011, or ending on such later date specified by the department, each electric distribution company shall report to the Energy Conservation Management Board on such company's activities under this section.

Sec. 36. Subsection (a) of section 16-43 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) A public service company shall obtain the approval of the Department of Public Utility Control to directly or indirectly (1) merge, consolidate or make common stock with any other company, or (2) sell, lease, assign, mortgage, except by supplemental indenture in accord with the terms of a mortgage outstanding May 29, 1935, or otherwise dispose of any essential part of its franchise, plant, equipment or other property necessary or useful in the performance of its duty to the public. Any such disposition of an essential part of such other real property of a public service company shall be by public auction or other procedure for public sale, provided such auction or public sale shall be conducted upon notice of auction or sale published at least once each week for two weeks preceding the date of such auction or sale in a newspaper having a substantial circulation in the county in which such property is located. The public service company shall submit evidence to the department of the notice given. On a showing of good cause by such company to use a means of disposal other than by public auction or other procedure for public sale, the department may, on a finding of such good cause, authorize the use of an alternative sales process. A public service company other than a water company may sell, lease, assign, mortgage or otherwise dispose of improved real property with an appraised value of two hundred fifty thousand dollars or less or unimproved real property with an

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appraised value of fifty thousand dollars or less without such approval. The department shall follow the procedures in section 16-50c for transactions involving unimproved land owned by a public service company other than a water company. A water company supplying water to more than five hundred consumers may sell, lease, assign, mortgage, or otherwise dispose of real property, other than public watershed or water supply lands, with an appraised value of fifty thousand dollars or less without such approval. The department shall not accept an application to sell watershed or water supply lands until the Commissioner of Public Health issues a permit pursuant to section 25-32. The condemnation by a state department, institution or agency of any land owned by a public service company shall be subject to the provisions of this subsection. On February 1, 1996, and annually thereafter, each public service company shall submit a report to the Department of Public Utility Control of all real property sold, leased, assigned, mortgaged, or otherwise disposed of without the approval of said department during the previous calendar year. Such report shall include for each transaction involving such property, without limitation, the appraised value of the real property, the actual value of the transaction and the accounting journal entry which recorded the transaction.

Sec. 37. Subdivision (51) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(51) (a) Structures and equipment acquired by purchase or lease after July 1, 1965, for the treatment of industrial waste before the discharge thereof into any waters of the state or into any sewerage system emptying into such waters, the primary purpose of which is the reduction, control or elimination of pollution of such waters, certified as approved for such purpose by the Commissioner of Environmental Protection. For the purpose of this subdivision "industrial waste"

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means any harmful thermal effect or any liquid, gaseous or solid substance or combination thereof resulting from any process of industry, manufacture, trade or business, or from the development or recovery of any natural resource;

(b) Any [person claiming] owner or lessee of such structures or equipment who wishes to claim the exemption provided under this subdivision for any assessment year shall, on or before the first day of November in such assessment year, file an application for such exemption with the assessor or board of assessors in the town in which such structures or equipment are located, in the form and manner said assessor or assessors shall prescribe, together with such certification by the Commissioner of Environmental Protection, as required under subparagraph (a) of this subdivision. [, with the assessor or board of assessors in the town in which such structures and equipment are located.] Failure to file such certification within the time limitation prescribed herein shall constitute a waiver of the right to such exemption for such assessment year. Such certification shall not be required for any assessment year following that for which initial certification is filed, provided if such structures and equipment are altered in any manner, such alteration shall be deemed a waiver of the right to such exemption until such certification, applicable with respect to the altered structures and equipment, is filed and the right to such exemption is established as required initially;

(c) In the event there is a change in the name of the owner or lessee of any structure or equipment for which an exemption is granted pursuant to this subdivision, the new owner or lessee of such structure or equipment shall be required to file a revised application with the assessor or board of assessors on or before the first day of November immediately following the end of the assessment year during which such change occurs, except that for the assessment year commencing October 1, 2005, a revised application may be filed when there has

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been a change in the name of the owner or lessee of such structure or equipment during any assessment year and the exemption under this subdivision continued to be granted for each assessment year following such change. If such structures or equipment have not been altered in any manner, such new owner or lessee shall be entitled to a continuation of the exemption under this subdivision and shall not be required to obtain or provide a certification of approval from the Commissioner of Environmental Protection.

Sec. 38. Subdivision (52) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(52) (a) Structures and equipment acquired by purchase or lease after July 1, 1967, for the primary purpose of reducing, controlling or eliminating air pollution, certified as approved for such purpose by the Commissioner of Environmental Protection. Said commissioner may certify to a portion of structures and equipment so acquired to the extent that such portion shall have as its primary purpose the reduction, control or elimination of air pollution;

(b) Any [person claiming] owner or lessee of such structures or equipment who wishes to claim the exemption provided under this subdivision for any assessment year shall, on or before the first day of November in such assessment year, file an application for such exemption with the assessor or board of assessors in the town in which such structures and equipment are located, in the form and manner said assessor or assessors shall prescribe together with such certification by the Commissioner of Environmental Protection, as required under subparagraph (a) of this subdivision. [with the assessor or board of assessors in the town in which such structures and equipment are located.] Failure to file such certification within the time limitation prescribed herein shall constitute a waiver of the right to such exemption for such assessment year. Such certification shall not

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be required for any assessment year following that for which initial certification is filed, provided if such structures and equipment are altered in any manner, such alteration shall be deemed a waiver of the right to such exemption until such certification, applicable with respect to the altered structures and equipment, is filed and the right to such exemption is established as required initially;

(c) In the event there is a change in the name of the owner or lessee of any structure or equipment for which an exemption is granted pursuant to this subdivision, the new owner or lessee of such structure or equipment shall be required to file a revised application with the assessor or board of assessors on or before the first day of November immediately following the end of the assessment year during which such change occurs, except that for the assessment year commencing October 1, 2005, a revised application may be filed when there has been a change in the name of the owner or lessee of such structure or equipment during any assessment year and the exemption under this subdivision continued to be granted for each assessment year following such change. If such structures or equipment have not been altered in any manner, such new owner or lessee shall be entitled to a continuation of the exemption under this subdivision and shall not be required to obtain or provide a certification of approval from the Commissioner of Environmental Protection.

Sec. 39. The appropriation to the Department of Public Utility Control for Personal Services shall be increased from \$10,754,193 to \$10,940,000, for the fiscal year ending June 30, 2006, and from \$11,106,405 to \$11,397,000 for the fiscal year ending June 30, 2007.

Sec. 40. Sections 16-246b, 16-246c and 16-246d of the general statutes are repealed. (*Effective October 1, 2005*)

Approved July 21, 2005