



General Assembly

Substitute Bill No. 570

February Session, 2006

* SB00570ET 031406 *

AN ACT CONCERNING ELECTRIC CONSUMER EMPOWERMENT.

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

1 Section 1. (NEW) (*Effective from passage*) (a) Notwithstanding the
2 provisions of title 16 of the general statutes, customer-side distributed
3 resources, as defined in section 16-1 of the 2006 supplement to the
4 general statutes, including onsite customer cogeneration systems,
5 installed on or after January 1, 2006, shall be eligible for a one-time
6 three hundred dollar per kilowatt award to fund the capital costs of
7 designing, engineering, procuring, installing and commissioning
8 customer-side distributed resources located in the following
9 municipalities: Ansonia, Branford, Beacon Falls, Bethany, Bethel,
10 Bridgeport, Bridgewater, Brookfield, Cheshire, Danbury, Darien,
11 Derby, East Haven, Easton, Fairfield, Greenwich, Hamden, Meriden,
12 Middlebury, Milford, Monroe, Naugatuck, New Canaan, New
13 Fairfield, New Milford, New Haven, Newtown, North Branford, North
14 Haven, Norwalk, Orange, Oxford, Prospect, Redding, Ridgefield,
15 Roxbury, Seymour, Shelton, Sherman, Southbury, Southington,
16 Stamford, Stratford, Trumbull, Wallingford, Waterbury, Watertown,
17 West Haven, Weston, Westport, Wilton, Wolcott, Woodbridge and
18 Woodbury. Each award shall be recoverable from the federally
19 mandated congestion charges. The Department of Public Utility
20 Control may reject such an award if it finds that the value of the award
21 significantly exceeds the benefit of making the award.

22 (b) In order to qualify for such an award, any customer shall submit
23 an application, in a form prescribed by the Department of Revenue
24 Services, to said department. The application shall contain a
25 certification by an independent licensed engineer that the customer-
26 side distributed resource is intended to operate for purposes of
27 reducing customer peak electric loads and that the project is financially
28 viable.

29 Sec. 2. (NEW) (*Effective from passage*) (a) Notwithstanding the
30 provisions of title 16 of the general statutes, customers who implement
31 energy conservation or customer-side distributed resources, as defined
32 in section 16-1 of the 2006 supplement to the general statutes, on or
33 after April 1, 2007, shall be eligible for Class III renewable energy
34 credits, pursuant to section 16-243q of the 2006 supplement to the
35 general statutes. The Class III credit shall be not less than one cent per
36 kilowatt hour or fifty per cent of the value of the Class I renewable
37 energy credit, whichever is greater. The credits earned pursuant to this
38 section shall be aggregated and directed to the Conservation and Load
39 Management programs pursuant to section 16-245m of the 2006
40 supplement to the general statutes. Not later than January 1, 2007, the
41 Department of Public Utility Control shall conduct a contested case
42 proceeding in accordance with the provisions of chapter 54 of the
43 general statutes, to develop a procedure for awarding and aggregating
44 credits pursuant to this section.

45 (b) In order to be eligible for ongoing Class III renewable energy
46 credits, the customer shall, annually, submit an application, in a form
47 prescribed by the Department of Public Utility Control, to said
48 department. The application shall require (1) certification by an
49 independent licensed engineer, and (2) (A) the number of kilowatt
50 hours generated from the customer-side distributed resource system
51 for the annual period, or (B) the number of kilowatt hours reduced by
52 the energy conservation investments for the annual period.

53 Sec. 3. (*Effective from passage*) (a) Notwithstanding the provisions of
54 title 22a of the general statutes, the Department of Environmental

55 Protection shall review any permit applications filed on or after
56 January 1, 2006, and not later than January 1, 2010, that are necessary
57 for the installation of customer-side distributed resources, as defined
58 in section 16-1 of the 2006 supplement to the general statutes,
59 including cogeneration systems that utilize fossil fuels as the primary
60 fuel source in accordance with the following:

61 (1) The Department of Environmental Protection shall issue a final
62 decision on a permit application for a proposed customer-side
63 distributed resource with a gross electric output of ten megawatts or
64 less not later than sixty days after the application submission date.

65 (2) The Department of Environmental Protection shall issue a final
66 decision on a permit application for a proposed customer-side
67 distributed resource with a gross electric output of more than ten
68 megawatts not later than ninety days after the application submission
69 date.

70 (b) Notwithstanding the provisions of title 22a of the general
71 statutes, the Department of Environmental Protection shall review any
72 permit applications filed on or after January 1, 2006, and not later than
73 January 1, 2010, that are necessary for the installation of a non-
74 customer-side distributed resource, as defined in section 16-1 of the
75 2006 supplement to the general statutes, including a cogeneration
76 system that utilizes fossil fuels as the primary fuel source and issue a
77 final decision on any such application not later than one hundred
78 twenty days after the application submission date.

79 Sec. 4. (NEW) (*Effective from passage*) Notwithstanding the provisions
80 of title 22a of the general statutes, the Department of Environmental
81 Protection shall amend its air pollution regulations regarding
82 emergency generation dispatch to allow owners of emergency
83 generators to operate such generators on or after the effective date of
84 this section and not later than January 1, 2010, during all hours under
85 their current "Permit by Rule Authority" and up to the total hours or
86 emission limits of their existing permits. This modification shall waive

87 the current limitation that emergency generation units only operate in
88 designated OP4 conditions instituted by the regional system operator
89 and shall allow electric distribution companies and their customers to
90 call on such units outside of OP4 conditions for purposes of managing
91 electric loads during anticipated monthly or annual peak load hours.

92 Sec. 5. (*Effective from passage*) Notwithstanding the provisions of title
93 16a of the general statutes, on or after January 1, 2006, and not later
94 than January 1, 2010, all proposed electric generation resource units,
95 including municipal utility generation resources, with a unit size less
96 than one hundred megawatts that would specifically be committed to
97 the locational forward reserve market shall be exempt from the
98 requirement of the Connecticut Energy Advisory Board's request-for-
99 proposal process. This exemption shall be limited to the first five
100 hundred megawatts of quick-start generation resources proposed after
101 January 1, 2006.

102 Sec. 6. (NEW) (*Effective from passage*) (a) Notwithstanding the
103 provisions of the general statutes, the state shall establish a financing
104 program for electric conservation and customer-side distributed
105 resources projects, which shall be administered by the Institute for
106 Sustainable Energy. The program may finance not more than one
107 hundred million dollars of electric conservation measures and not
108 more than one hundred fifty million dollars for customer-side
109 distributed resource projects. The costs borne by the institute for
110 providing the financing, including, (1) cost of funds differential
111 between zero per cent offered to participating customers and the actual
112 financing interest rate, and (2) costs associated with defaults or late
113 payments of principal shall be recovered in the rates of the electric
114 distribution companies.

115 (b) On and after September 30, 2006, the Institute for Sustainable
116 Energy shall use the financing program to provide low-cost financing
117 for electric conservation and customer-side distributed resources
118 installed by electricity users in the state on or after January 1, 2006. The
119 financing program shall provide a subsidized financing rate of zero

120 per cent for the cost of installing energy conservation and customer-
121 side distributed resources. Customer financing shall be capped at the
122 installed cost of qualified projects less any incentives received from the
123 Energy Conservation Loan Fund or other state subsidy or grant.
124 Installed costs shall include the costs of engineering, equipment
125 procurement, installation costs and commissioning expenses.

126 (c) Customers shall apply to the financing program on an
127 application prescribed by the Institute for Sustainable Energy, which
128 application shall include, but not be limited to, (1) a description of the
129 project, the total project installed cost, any incentives and subsidies
130 received, (2) annual kilowatt hour savings, current dollar value of the
131 annual kilowatt hour savings, and (3) a certification by an independent
132 licensed engineer that the energy conservation or customer-side
133 distributed resource project has been accurately described in the
134 application, that the financial and energy savings information is
135 accurate to the best of such engineer's knowledge, and the project
136 reduces electric consumption and customer peak kilowatt demand.

137 (d) For purposes of determining the term of financing, each project
138 shall be eligible for a maximum term rounded to the highest whole
139 month equal to project cost, minus any incentives and subsidies
140 received divided by the annual energy savings derived by using the
141 average previous twelve months of electricity costs per kilowatt hour.
142 The maximum term shall not exceed fifteen years. The customer shall
143 pay the project monthly financing cost over the term of the loan in
144 equal monthly installments. If a customer sells or transfers ownership
145 of the energy conservation measure or the customer-side distributed
146 resource, the obligations of the financing shall be transferable to the
147 new owner.

148 (e) Electric generation companies, including investor-owned utilities
149 and municipal-owned utilities may access this account and substitute
150 it for current financing programs offered through their energy
151 conservation programs up to seventy-five million dollars of the one
152 hundred million dollars allocated for energy conservation and demand

153 response resources. The allocation of the seventy-five million dollars
154 between investor-owned electric utilities and municipal-owned electric
155 utilities shall be based on a pro rata share of annual kilowatt hours
156 sold to retail customers. Customers shall apply for financing on a first-
157 come-first-served basis until the full amount of the fund has been
158 depleted or upon reaching the expiration date of December 31, 2010.

159 (f) The Institute for Sustainable Energy shall annually evaluate the
160 overall success of the program in determining the overall cost benefit
161 of providing such program and submit a report to the joint standing
162 committee of the General Assembly having cognizance of matters
163 relating to energy, not later than January 1, 2007, January 1, 2008, and
164 January 1, 2009. The evaluation of the cost benefit of such program
165 shall include (1) impacts on the reduction of federally mandated
166 congestion charges, (2) impacts on the reduction of electric commodity
167 prices, (3) enhancements and contributions to job creation, (4) impacts
168 on state and local tax receipts, (5) impacts on environmental emission
169 reductions, and (6) all other economic and environmental impacts that
170 may have value to the state.

171 (g) The Institute of Sustainable Energy shall be allowed to contract
172 with a third party financing entity qualified and licensed in the state to
173 manage and administer project financing services and repetitive billing
174 and collections services.

175 Sec. 7. (NEW) (*Effective from passage*) The Institute for Sustainable
176 Energy shall perform customer credit qualification for the financing
177 programs in section 6 of this act in accordance with industry practices
178 and shall in the following parameters:

179 (1) In order to qualify for financing of energy conservation
180 investments, a residential consumer shall complete and submit an
181 application developed by the Institute for Sustainable Energy and a
182 copy of his or her credit report dated not later than one month after the
183 application date. In order to qualify for financing, the residential
184 consumer shall have an adequate credit rating. Such credit review and

185 approval shall be performed by the institute or a third party contracted
 186 by the institute. In no such circumstance shall the approval or rejection
 187 of credit be later than thirty days after the date of the application.
 188 Residential consumer financing shall be capped at fifteen thousand
 189 dollars per household.

190 (2) In order to qualify for financing of energy conservation or
 191 customer-side distributed resource investments, a commercial and
 192 industrial consumer shall complete and submit an application
 193 developed by the Institute for Sustainable Energy and a signed
 194 affidavit from the company's owner or executive management
 195 attesting to the financial condition of the company and its ability to
 196 fulfill its payment obligations. Such credit review and approval shall
 197 be performed by the institute or a third party contracted by the
 198 institute. In no such circumstance shall the approval or rejection of
 199 credit be later than thirty days after the date of the application.

200 (3) In order to qualify for financing of energy conservation or
 201 customer-side distributed resource investments, a municipal or
 202 government consumer shall complete and submit an application
 203 developed by the Institute for Sustainable Energy and the mayor or
 204 first selectperson attesting to the ability of the municipality or
 205 governmental entity to fulfill its payment obligations. Such credit
 206 review and approval shall be performed by the institute or a third
 207 party contracted by the institute. In no such circumstance shall the
 208 approval or rejection of credit be later than thirty days after the date of
 209 the application.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section

Sec. 7	<i>from passage</i>	New section
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Statement of Legislative Commissioners:

In Subsec. (b) of section 6, revisions were made for purposes of consistency.

ET *Joint Favorable Subst.*