



House Bill No. 7432

Public Act No. 07-242

AN ACT CONCERNING ELECTRICITY AND ENERGY EFFICIENCY.

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

Section 1. (NEW) (*Effective July 1, 2007*) (a) Between July 1, 2007, and July 1, 2017, inclusive, the Secretary of the Office of Policy and Management shall provide a five-hundred-dollar rebate for the purchase and installation in residential structures of replacement natural gas furnaces or boilers that meet or exceed federal Energy Star standards and propane and oil furnaces and boilers that are not less than eighty-four per cent efficient. Such rebates shall not exceed five million dollars in aggregate per year. Persons may apply to the secretary, on a form prescribed by the secretary, to receive such rebate. The rebate shall be available for only a residential structure containing not more than four dwelling units. Eligibility for said rebate program shall be determined as follows:

(1) (A) For the taxable year commencing on or after January 1, 2007, but prior to January 1, 2008, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-five thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income

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exceeds said amount.

(B) For the taxable year commencing on or after January 1, 2008, but prior to January 1, 2009, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-six thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(C) For the taxable year commencing on or after January 1, 2009, but prior to January 1, 2010, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds fifty-eight thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(D) For the taxable year commencing on or after January 1, 2010, but prior to January 1, 2011, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds sixty thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(E) For the taxable year commencing on or after January 1, 2011, but prior to January 1, 2012, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds sixty-two thousand five hundred dollars, the amount of the rebate

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shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(F) For the taxable year commencing on or after January 1, 2012, in the case of any such taxpayer who files under the federal income tax for such taxable year as an unmarried individual whose Connecticut adjusted gross income exceeds sixty-four thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(2) In the case of any such taxpayer who files under the federal income tax for such taxable year as a married individual filing separately whose Connecticut adjusted gross income exceeds fifty thousand two hundred fifty dollars, the amount of the rebate shall be reduced by ten per cent for each five thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(3) In the case of a taxpayer who files under the federal income tax for such taxable year as a head of household whose Connecticut adjusted gross income exceeds seventy-eight thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

(4) In the case of a taxpayer who files under federal income tax for such taxable year as married individuals filing jointly whose Connecticut adjusted gross income exceeds one hundred thousand five hundred dollars, the amount of the rebate shall be reduced by ten per cent for each ten thousand dollars, or fraction thereof, by which the taxpayer's Connecticut adjusted gross income exceeds said amount.

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(b) On or before January 1, 2009, the Energy Conservation Management Board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the cost-effectiveness of the rebate program established pursuant to subsection (a) of this section.

Sec. 2. Section 6 of public act 05-2 of the October 25 special session is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate five million dollars per year. The proceeds of the sale of said bonds shall be deposited in the Energy Conservation Loan Fund established under section 16a-40a of the general statutes for the purposes of making and guaranteeing loans and deferred loans as provided in section 5 of [this act] public act 05-2 of the October 25 special session and section 1 of this act. All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby which are not inconsistent with the provisions of sections 16a-40 to 16a-40b, inclusive, of the general statutes, as amended by section 5 of public act 05-191, and this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to said sections 16a-40 to 16a-40b, inclusive, and this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. Said bonds issued pursuant to said sections 16a-40 to 16a-40b, inclusive, and this section shall be general obligations of the state and

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the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the Treasurer shall pay such principal and interest as the same become due.

Sec. 3. (*Effective from passage*) (a) On or before January 1, 2008, the Energy Conservation Management Board, in consultation with the electric distribution companies, shall develop and establish a program to (1) provide rebates to residential customers of electric distribution companies who replace an existing window air conditioning unit that does not meet the federal Energy Star standard with a unit that does meet said standard. Said program shall be in effect from January 1, 2008, to September 1, 2008. Such rebates shall be not less than twenty-five dollars for an air conditioner with a retail price of one hundred dollars to two hundred dollars; not less than fifty dollars for an air conditioner with a retail price of more than two hundred dollars but less than three hundred dollars; and not less than one hundred dollars for an air conditioner with a retail price of more than three hundred dollars, and (2) provide rebates of not less than five hundred dollars to residential customers of electric distribution companies who replace an existing central air conditioning unit that does not meet the federal Energy Star standard with a unit that does meet said standard. The board, in consultation with the Low-Income Energy Advisory Board, established pursuant to section 16a-41b of the general statutes, shall determine the parameters of the program with regard to residential customers who live in apartments.

(b) The rebate program shall be funded by the Energy Conservation and Load Management Funds established by the electric distribution companies pursuant to section 16-245m of the general statutes, as

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amended by this act.

(c) The Commissioner of Consumer Protection shall certify to participate in the program established in subsection (a) of this section only those retailers that will provide the rebate to only those customers who present an air conditioning unit to a retailer for disposal upon or before the purchase of an air conditioning unit that meets the federal Energy Star standard. The commissioner may impose a fine of not more than ten thousand dollars on any retailer providing the rebate without removing or disposing of an air conditioning unit.

(d) The Energy Conservation Management Board shall provide for the environmentally responsible disposal of air conditioning units returned pursuant to subsection (c) of this section.

(e) On or before January 1, 2009, the Energy Conservation Management Board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy the results of the rebate program established in subsection (a) of this section.

Sec. 4. (NEW) (*Effective from passage*) On and after January 1, 2008, the Department of Public Utility Control shall order and direct that any intermediate or base load electric generating unit owned by an electric distribution company or covered by a bilateral contract with an electric distribution company that is fueled by either oil or natural gas, with a rating of not less than sixty-five megawatts, shall have the actual ability to operate on demand for a forty-eight-hour period using either oil or natural gas, provided the department may determine that dual fuel capability is not required for a specific generating unit if imposing such requirement is not in the best interest of Connecticut consumers.

Sec. 5. (*Effective from passage*) Not later than July 1, 2007, the

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Department of Public Utility Control shall initiate an uncontested proceeding to analyze (1) the appropriate number of linemen that are necessary for an electric distribution company to maintain, repair and extend its electric distribution lines by region under normal circumstances and under extraordinary circumstances, including, but not limited to, storm conditions, (2) whether the consolidation or centralization of line repair facilities and personnel results in longer times to reach affected areas, (3) whether greater use of newer technologies may reduce the incidence of power outages, and (4) the most efficacious way to notify the public regarding an electric power outage and the status of an electric distribution company's efforts to restore electricity to a particular area of the state. Not later than February 1, 2008, the department shall submit a report with the results of such analysis to the joint standing committee of the General Assembly having cognizance of matters relating to energy in accordance with the provisions of section 11-4a of the general statutes.

Sec. 6. Section 16-32g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

Not later than January 1, [1988] 2008, and annually thereafter, each electric or electric distribution company shall submit to the Department of Public Utility Control a plan for the maintenance of poles, wires, conduits or other fixtures, along public highways or streets for the transmission or distribution of electric current, owned, operated, managed or controlled by such company, in such format as the department shall prescribe. Such plan shall include a summary of appropriate staffing levels necessary for the maintenance of said fixtures and a program for the trimming of tree branches and limbs located in close proximity to overhead electric wires where such branches and limbs may cause damage to such electric wires. The department shall review each plan and may issue such orders as may be necessary to ensure compliance with this section. The department

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may require each electric or electric distribution company to submit an updated plan at such time and containing such information as the department may prescribe. The department shall adopt regulations, in accordance with the provisions of chapter 54, to carry out the provisions of this section.

Sec. 7. Subsection (a) of section 16-19e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) In the exercise of its powers under the provisions of this title, the Department of Public Utility Control shall examine and regulate the transfer of existing assets and franchises, the expansion of the plant and equipment of existing public service companies, the operations and internal workings of public service companies and the establishment of the level and structure of rates in accordance with the following principles: (1) That there is a clear public need for the service being proposed or provided; (2) that the public service company shall be fully competent to provide efficient and adequate service to the public in that such company is technically, financially and managerially expert and efficient; (3) that the department and all public service companies shall perform all of their respective public responsibilities with economy, efficiency and care for [the] public safety and energy security, and so as to promote economic development within the state with consideration for energy and water conservation, energy efficiency and the development and utilization of renewable sources of energy and for the prudent management of the natural environment; (4) that the level and structure of rates be sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity, and yet provide appropriate protection to the relevant public interests, both existing and

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foreseeable which shall include, but not be limited to, reasonable costs of security of assets, facilities and equipment that are incurred solely for the purpose of responding to security needs associated with the terrorist attacks of September 11, 2001, and the continuing war on terrorism; (5) that the level and structure of rates charged customers shall reflect prudent and efficient management of the franchise operation; and (6) that the rates, charges, conditions of service and categories of service of the companies not discriminate against customers which utilize renewable energy sources or cogeneration technology to meet a portion of their energy requirements.

Sec. 8. (NEW) (*Effective from passage*) Not later than September 1, 2007, the Connecticut Siting Council, in consultation with the Emergency Management and Homeland Security Coordinating Council, established pursuant to section 28-1b of the general statutes, and the Department of Public Utility Control shall initiate a contested case proceeding, in accordance with the provisions of chapter 54 of the general statutes, to investigate energy security with regard to the siting of electric generating facilities and transmission facilities, including consideration of planning, preparedness, response and recovery capabilities. The Connecticut Siting Council may conduct such proceedings in an executive session with sensitive information submitted under a protective order.

Sec. 9. (*Effective from passage*) Not later than July 1, 2007, the Department of Public Utility Control shall initiate an uncontested proceeding, in consultation with the Connecticut Siting Council, to assess ways in which the state can ensure and enhance the reliability of electric generating facilities located in the state during periods of peak electric demand. Said proceeding shall include, but not be limited to, an examination of (1) the current compliance status of electric generation facilities with existing on-site dual fuel storage and operational requirements, (2) the existing inventory of fuel storage and

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fuel delivery resources available to supply electric generating facilities located in the state, (3) the amount of fuel delivery and storage infrastructure that would be necessary to ensure the reliable operation of in-state generating facilities during periods of peak electric demand, (4) the value for and appropriate level of firm fuel delivery contracts, and (5) the types of incentives that can be offered to electric and gas market participants to enhance the reliability of electric service during periods of peak electric demand. In conducting the proceeding, the council and the department shall seek the input of interested persons and entities, including, but not limited to, the Office of Consumer Counsel, the Attorney General, the state's electric distribution and gas companies, the state's electric generators, owners of natural gas pipeline facilities located in the state, and the regional independent system operator. Not later than February 1, 2008, the department shall submit a report containing its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy in accordance with the provisions of section 11-4a of the general statutes.

Sec. 10. Section 16a-38k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2008*):

(a) Notwithstanding any provision of the general statutes, any (1) new construction of a state facility [, except salt sheds, parking garages, maintenance facilities or school construction,] that is projected to cost five million dollars, or more, of which two million dollars or more is state funding, and is approved and funded on or after January 1, [2007] 2008, (2) renovation of a state facility that is projected to cost two million dollars or more, of which two million dollars or more is state funding, approved and funded on or after January 1, 2008, (3) new construction of a facility that is projected to cost five million dollars, or more, of which two million dollars or more is state funding, and is authorized by the General Assembly pursuant to chapter 173 on

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or after January 1, 2009, and (4) renovation of a public school facility as defined in subdivision (18) of section 10-282 that is projected to cost two million dollars or more, of which two million dollars or more is state funding, and is authorized by the General Assembly pursuant to chapter 173 on or after January 1, 2009, shall comply with the regulations adopted pursuant to subsection (b) of this section. The Secretary of the Office of Policy and Management, in consultation with the Commissioner of Public Works, [and the Institute for Sustainable Energy,] shall exempt any facility from complying with said regulations if [said secretary] the Institute for Sustainable Energy finds, in a written analysis, that the cost of such compliance significantly outweighs the benefits.

(b) Not later than January 1, 2007, the Secretary of the Office of Policy and Management, in consultation with the Commissioner of Public Works, the Commissioner of Environmental Protection and the Commissioner of Public Safety, shall adopt regulations, in accordance with the provisions of chapter 54, to adopt building construction standards that are consistent with or exceed the silver building rating of the Leadership in Energy and Environmental Design's rating system for new commercial construction and major renovation projects, as established by the United States Green Building Council, including energy standards that exceed those set forth in the 2004 edition of the American Society of Heating, Ventilating and Air Conditioning Engineers (ASHRAE) Standard 90.1 by no less than twenty per cent, or an equivalent standard, including, but not limited to, a two-globe rating in the Green Globes USA design program, and thereafter update such regulations as the secretary deems necessary.

Sec. 11. Section 10-285a of the general statutes is amended by adding subsection (i) as follows (*Effective October 1, 2007*):

(NEW) (i) The percentage determined pursuant to this section for a school building project grant for a school building project pursuant to

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section 16a-38k, as amended by this act, shall be increased by two percentage points, not to exceed one hundred. Prior to any grant being awarded under this chapter for a project pursuant to section 16a-38k, as amended by this act, the town or regional school district shall certify to the Department of Education that the school project will meet the standards established pursuant to said section 16a-38k.

Sec. 12. Section 16a-48 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) As used in this section:

(1) ["Department" means the Department of Public Utility Control] "Office" means the Office of Policy and Management;

(2) "Fluorescent lamp ballast" or "ballast" means a device designed to operate fluorescent lamps by providing a starting voltage and current and limiting the current during normal operation, but does not include such devices that have a dimming capability or are intended for use in ambient temperatures of zero degrees Fahrenheit or less or have a power factor of less than sixty-one hundredths for a single F40T12 lamp;

(3) "F40T12 lamp" means a tubular fluorescent lamp that is a nominal forty-watt lamp, with a forty-eight-inch tube length and one and one-half inches in diameter;

(4) "F96T12 lamp" means a tubular fluorescent lamp that is a nominal seventy-five-watt lamp with a ninety-six-inch tube length and one and one-half inches in diameter;

(5) "Luminaire" means a complete lighting unit consisting of a fluorescent lamp, or lamps, together with parts designed to distribute the light, to position and protect such lamps, and to connect such lamps to the power supply;

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(6) "New product" means a product that is sold, offered for sale, or installed for the first time and specifically includes floor models and demonstration units;

(7) "Secretary" means the Secretary of the Office of Policy and Management;

(8) "State Building Code" means the building code adopted pursuant to section 29-252;

(9) "Torchiere lighting fixture" means a portable electric lighting fixture with a reflector bowl giving light directed upward so as to give indirect illumination;

(10) "Unit heater" means a self-contained, vented fan-type commercial space heater that uses natural gas or propane that is designed to be installed without ducts within the heated space. "Unit heater" does not include a product regulated by federal standards pursuant to 42 USC 6291, as amended from time to time, a product that is a direct vent, forced flue heater with a sealed combustion burner, or any oil fired heating system;

(11) "Transformer" means a device consisting of two or more coils of insulated wire that transfers alternating current by electromagnetic induction from one coil to another in order to change the original voltage or current value;

(12) "Low-voltage dry-type transformer" means a transformer that: (A) Has an input voltage of [600] six hundred volts or less; (B) is between [14] fourteen kilovolt-amperes and [2,501] two thousand five hundred one kilovolt-amperes in size; (C) is air-cooled; and (D) does not use oil as a coolant. "Low-voltage dry-type transformer" does not include such transformers excluded from the low-voltage dry-type distribution transformer definition contained in the California Code of Regulations, Title 20: Division 2, Chapter 4, Article 4: Appliance

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Efficiency Regulations;

(13) "Pass-through cabinet" means a refrigerator or freezer with hinged or sliding doors on both the front and rear of the refrigerator or freezer;

(14) "Reach-in cabinet" means a refrigerator, freezer, or combination thereof, with hinged or sliding doors or lids;

(15) "Roll-in" or "roll-through cabinet" means a refrigerator or freezer with hinged or sliding doors that allows wheeled racks of product to be rolled into or through the refrigerator or freezer;

(16) "Commercial refrigerators and freezers" means reach-in cabinets, pass-through cabinets, roll-in cabinets and roll-through cabinets that have less than eighty-five feet of capacity, ["Commercial refrigerators and freezers" does not include walk-in models or consumer products regulated under the federal National Appliance Energy Conservation Act of 1987] which are designed for the refrigerated or frozen storage of food and food products;

(17) "Traffic signal module" means a standard eight-inch or twelve-inch round traffic signal indicator consisting of a light source, lens and all parts necessary for operation and communication of movement messages to drivers through red, amber and green colors;

(18) "Illuminated exit sign" means an internally illuminated sign that is designed to be permanently fixed in place and used to identify an exit by means of a light source that illuminates the sign or letters from within where the background of the exit sign is not transparent;

(19) "Packaged air-conditioning equipment" means air-conditioning equipment that is built as a package and shipped as a whole to end-user sites;

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(20) "Large packaged air-conditioning equipment" means air-cooled packaged air-conditioning equipment having not less than [240,000] two hundred forty thousand BTUs per hour of capacity;

(21) "Commercial clothes washer" means a soft mount front-loading or soft mount top-loading clothes washer that is designed for use in (A) applications where the occupants of more than one household will be using it, such as in multifamily housing common areas and coin laundries; or (B) other commercial applications, if the clothes container compartment is no greater than [3.5] three and one-half cubic feet for horizontal-axis clothes washers [,] or no greater than [4.0] four cubic feet for vertical-axis clothes washers;

(22) "Energy efficiency ratio" means a measure of the relative efficiency of a heating or cooling appliance that is equal to the unit's output in BTUs per hour divided by its consumption of energy, measured in watts;

(23) "Electricity ratio" means the ratio of furnace electricity use to total furnace energy use;

(24) "Boiler" means a space heater that is a self-contained appliance for supplying steam or hot water primarily intended for space-heating. "Boiler" does not include hot water supply boilers;

(25) "Central furnace" means a self-contained space heater designed to supply heated air through ducts of more than ten inches in length;

(26) "Residential furnace or boiler" means a product that utilizes only single-phase electric current or single-phase electric current or DC current in conjunction with natural gas, propane or home heating oil and that (A) is designed to be the principal heating source for the living space of a residence; (B) is not contained within the same cabinet as a central air conditioner with a rated cooling capacity of not less than sixty-five thousand BTUs per hour; (C) is an electric central

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furnace, electric boiler, forced-air central furnace, gravity central furnace or low pressure steam or hot water boiler; and (D) has a heat input rate of less than three hundred thousand BTUs per hour for an electric boiler and low pressure steam or hot water boiler and less than two hundred twenty-five thousand BTUs per hour for a forced-air central furnace, gravity central furnace and electric central furnace;

(27) "Furnace air handler" means the section of the furnace that includes the fan, blower and housing, generally upstream of the burners and heat exchanger. The furnace air handler may include a filter and a cooling coil;

(28) "High-intensity discharge lamp" means a lamp in which light is produced by the passage of an electric current through a vapor or gas, the light-producing arc is stabilized by bulb wall temperature and the arc tube has a bulb wall loading in excess of three watts per square centimeter;

(29) "Metal halide lamp" means a high intensity discharge lamp in which the major portion of the light is produced by radiation of metal halides and their products of dissociation, possibly in combination with metallic vapors;

(30) "Metal halide lamp fixture" means a light fixture designed to be operated with a metal halide lamp and a ballast for a metal halide lamp;

(31) "Probe start metal halide ballast" means a ballast used to operate metal halide lamps that does not contain an ignitor and that instead starts lamps by using a third starting electrode probe in the arc tube;

(32) "Single voltage external AC to DC power supply" means a device that (A) is designed to convert line voltage AC input into lower voltage DC output; (B) is able to convert to only one DC output voltage

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at a time; (C) is sold with, or intended to be used with, a separate end-use product that constitutes the primary power load; (D) is contained within a separate physical enclosure from the end-use product; (E) is connected to the end-use product in a removable or hard-wired male and female electrical connection, cable, cord or other wiring; (F) does not have batteries or battery packs, including those that are removable or that physically attach directly to the power supply unit; (G) does not have a battery chemistry or type selector switch and indicator light or a battery chemistry or type selector switch and a state of charge meter; and (H) has a nameplate output power less than or equal to two hundred fifty watts;

(33) "State regulated incandescent reflector lamp" means a lamp that is not colored or designed for rough or vibration service applications, has an inner reflective coating on the outer bulb to direct the light, has an E26 medium screw base, a rated voltage or voltage range that lies at least partially within one hundred fifteen to one hundred thirty volts, and that falls into one of the following categories: (A) A bulged reflector or elliptical reflector or a blown PAR bulb shape and that has a diameter that equals or exceeds two and one-quarter inches, or (B) a reflector, parabolic aluminized reflector, bulged reflector or similar bulb shape and that has a diameter of two and one-quarter to two and three-quarters inches. "State regulated incandescent reflector lamp" does not include ER30, BR30, BR40 and ER40 lamps of not more than fifty watts, BR30, BR40 and ER40 lamps of sixty-five watts and R20 lamps of not more than forty-five watts;

(34) "Bottle-type water dispenser" means a water dispenser that uses a bottle or reservoir as the source of potable water;

(35) "Commercial hot food holding cabinet" means a heated, fully-enclosed compartment with one or more solid or partial glass doors that is designed to maintain the temperature of hot food that has been cooked in a separate appliance. "Commercial hot food holding cabinet"

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does not include heated glass merchandizing cabinets, drawer warmers or cook-and-hold appliances;

(36) "Pool heater" means an appliance designed for heating nonpotable water contained at atmospheric pressure for swimming pools, spas, hot tubs and similar applications, including natural gas, heat pump, oil and electric resistance pool heaters;

(37) "Portable electric spa" means a factory-built electric spa or hot tub supplied with equipment for heating and circulating water;

(38) "Residential pool pump" means a pump used to circulate and filter pool water to maintain clarity and sanitation;

(39) "Walk-in refrigerator" means a space refrigerated to temperatures at or above thirty-two degrees Fahrenheit that has a total chilled storage area of less than three thousand square feet, can be walked into and is designed for the refrigerated storage of food and food products. "Walk-in refrigerator" does not include refrigerated warehouses and products designed and marketed exclusively for medical, scientific or research purposes;

(40) "Walk-in freezer" means a space refrigerated to temperatures below thirty-two degrees Fahrenheit that has a total chilled storage area of less than three thousand square feet, can be walked into and is designed for the frozen storage of food and food products. "Walk-in freezer" does not include refrigerated warehouses and products designed and marketed exclusively for medical, scientific or research purposes;

(41) "Central air conditioner" means a central air conditioning model that consists of one or more factory-made assemblies, which normally include an evaporator or cooling coil, compressor and condenser. Central air conditioning models may provide the function of air cooling, air cleaning, dehumidifying or humidifying.

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(b) The provisions of this section apply to the testing, certification and enforcement of efficiency standards for the following types of new products sold, offered for sale or installed in the state: (1) Commercial clothes washers; (2) commercial refrigerators and freezers; (3) illuminated exit signs; (4) large packaged air-conditioning equipment; (5) low voltage dry-type distribution transformers; (6) torchiere lighting fixtures; (7) traffic signal modules; (8) unit heaters; (9) residential furnaces and boilers; (10) residential pool pumps; (11) metal halide lamp fixtures; (12) single voltage external AC to DC power supplies; (13) state regulated incandescent reflector lamps; (14) bottle-type water dispensers; (15) commercial hot food holding cabinets; (16) portable electric spas; (17) walk-in refrigerators and walk-in freezers; (18) pool heaters; and [(9)] (19) any other products as may be designated by the [department] office in accordance with subdivision (3) of subsection (d) of this section.

(c) The provisions of this section do not apply to (1) new products manufactured in the state and sold outside the state, (2) new products manufactured outside the state and sold at wholesale inside the state for final retail sale and installation outside the state, (3) products installed in mobile manufactured homes at the time of construction, or (4) products designed expressly for installation and use in recreational vehicles.

(d) (1) [Not later than July 1, 2005, the department] The office, in consultation with the [secretary] Department of Public Utility Control, shall adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section and to establish minimum energy efficiency standards for the types of new products set forth in subsection (b) of this section. The regulations shall provide for the following minimum energy efficiency standards:

(A) Commercial clothes washers shall meet the requirements shown in Table P-3 of section 1605.3 of the California Code of Regulations,

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Title 20: Division 2, Chapter 4, Article 4;

(B) [commercial] Commercial refrigerators and freezers shall meet the August 1, 2004, requirements shown in Table A-6 of said California regulation;

(C) [illuminated] Illuminated exit signs shall meet the version 2.0 product specification of the "Energy Star Program Requirements for Exit Signs" developed by the United States Environmental Protection Agency;

(D) [large] Large packaged air-conditioning equipment having not more than [760,000] seven hundred sixty thousand BTUs per hour of capacity shall meet a minimum energy efficiency ratio of 10.0 for units using both electric heat and air conditioning or units solely using electric air conditioning, and 9.8 for units using both natural gas heat and electric air conditioning;

(E) [large] Large packaged air-conditioning equipment having not less than [761,000] seven hundred sixty-one thousand BTUs per hour of capacity shall meet a minimum energy efficiency ratio of 9.7 for units using both electric heat and air conditioning or units solely using electric air conditioning, and 9.5 for units using both natural gas heat and electric air conditioning;

(F) [low] Low voltage dry-type distribution transformers shall meet or exceed the energy efficiency values shown in Table 4-2 of the National Electrical Manufacturers Association Standard TP-1-2002;

(G) [torchiere] Torchiere lighting fixtures shall not consume more than [190] one hundred ninety watts and shall not be capable of operating with lamps that total more than [190] one hundred ninety watts;

(H) [traffic] Traffic signal modules shall meet the product

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specification of the "Energy Star Program Requirements for Traffic Signals" developed by the United States Environmental Protection Agency that took effect in February, 2001, except where the department, in consultation with the Commissioner of Transportation, determines that such specification would compromise safe signal operation;

(I) [unit] Unit heaters shall not have pilot lights and shall have either power venting or an automatic flue damper;

(J) On or after January 1, 2009, residential furnaces and boilers purchased by the state shall meet or exceed the following annual fuel utilization efficiency: (i) For gas and propane furnaces, ninety per cent annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per cent annual fuel utilization efficiency, (iii) for gas and propane hot water boilers, eighty-four per cent annual fuel utilization efficiency, (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel utilization efficiency, (v) for gas and propane steam boilers, eighty-two per cent annual fuel utilization efficiency, (vi) for oil-fired steam boilers, eighty-two per cent annual fuel utilization efficiency, and (vii) for furnaces with furnace air handlers, an electricity ratio of not more than 2.0, except air handlers for oil furnaces with a capacity of less than ninety-four thousand BTUs per hour shall have an electricity ratio of 2.3 or less;

(K) On or after January 1, 2010, metal halide lamp fixtures designed to be operated with lamps rated greater than or equal to one hundred fifty watts but less than or equal to five hundred watts shall not contain a probe-start metal halide lamp ballast;

(L) Single-voltage external AC to DC power supplies manufactured on or after January 1, 2008, shall meet the energy efficiency standards of table U-1 of section 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance

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Efficiency Regulations. This standard applies to single voltage AC to DC power supplies that are sold individually and to those that are sold as a component of or in conjunction with another product. This standard shall not apply to single voltage external AC to DC power supplies sold with products subject to certification by the United States Food and Drug Administration. A single-voltage external AC to DC power supply that is made available by a manufacturer directly to a consumer or to a service or repair facility after and separate from the original sale of the product requiring the power supply as a service part or spare part shall not be required to meet the standards in said table U-1 until five years after the effective dates indicated in the table;

(M) On or after January 1, 2009, state regulated incandescent reflector lamps shall be manufactured to meet the minimum average lamp efficacy requirements for federally-regulated incandescent reflector lamps contained in 42 USC 6295(i)(1)(A). Each lamp shall indicate the date of manufacture;

(N) On or after January 1, 2009, bottle-type water dispensers, commercial hot food holding cabinets, portable electric spas, walk-in refrigerators and walk-in freezers shall meet the efficiency requirements of section 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations. On or after January 1, 2010, residential pool pumps shall meet said efficiency requirements;

(O) On or after January 1, 2009, pool heaters shall meet the efficiency requirements of sections 1605.1 and 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations.

(2) Such efficiency standards, where in conflict with the State Building Code, shall take precedence over the standards contained in the Building Code. Not later than July 1, 2007, and biennially

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thereafter, the [department] office, in consultation with the [secretary] Department of Public Utility Control, shall review and increase the level of such efficiency standards by adopting regulations in accordance with the provisions of chapter 54 upon a determination that increased efficiency standards would serve to promote energy conservation in the state and would be cost-effective for consumers who purchase and use such new products, provided no such increased efficiency standards shall become effective within one year following the adoption of any amended regulations providing for such increased efficiency standards.

(3) The [department] office, in consultation with the [secretary] Department of Public Utility Control, shall adopt regulations, in accordance with the provisions of chapter 54, to designate additional products to be subject to the provisions of this section and to establish efficiency standards for such products upon a determination that such efficiency standards (A) would serve to promote energy conservation in the state, (B) would be cost-effective for consumers who purchase and use such new products, and (C) that multiple products are available which meet such standards, provided no such efficiency standards shall become effective within one year following their adoption pursuant to this subdivision.

(e) On or after July 1, 2006, except for commercial clothes washers, for which the date shall be July 1, 2007, commercial refrigerators and freezers, for which the date shall be July 1, 2008, and large packaged air-conditioning equipment, for which the date shall be July 1, 2009, no new product of a type set forth in subsection (b) of this section or designated by the [department] office may be sold, offered for sale, or installed in the state unless the energy efficiency of the new product meets or exceeds the efficiency standards set forth in such regulations adopted pursuant to subsection (d) of this section.

(f) The [department] office, in consultation with the [secretary]

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Department of Public Utility Control, shall adopt procedures for testing the energy efficiency of the new products set forth in subsection (b) of this section or designated by the department if such procedures are not provided for in the State Building Code. The [department] office shall use United States Department of Energy approved test methods, or in the absence of such test methods, other appropriate nationally recognized test methods. The manufacturers of such products shall cause samples of such products to be tested in accordance with the test procedures adopted pursuant to this subsection or those specified in the State Building Code.

(g) Manufacturers of new products set forth in subsection (b) of this section or designated by the [department] office shall certify to the secretary that such products are in compliance with the provisions of this section, except that certification is not required for single voltage external AC to DC power supplies and walk-in refrigerators and walk-in freezers. All single voltage external AC to DC power supplies shall be labeled as described in the January 2006 California Code of Regulations, Title 20, Section 1607 (9). The [department] office, in consultation with the [secretary] Department of Public Utility Control, shall promulgate regulations governing the certification of such products. The secretary shall publish an annual list of such products.

(h) The Attorney General may institute proceedings to enforce the provisions of this section. Any person who violates any provision of this section shall be subject to a civil penalty of not more than two hundred fifty dollars. Each violation of this section shall constitute a separate offense, and each day that such violation continues shall constitute a separate offense.

Sec. 13. Subsection (a) of section 16-245~~l~~ of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(a) The Department of Public Utility Control shall establish and each electric distribution company shall collect a systems benefits charge to be imposed against all end use customers of each electric distribution company beginning January 1, 2000. The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the amount of the systems benefits charge. The department may revise the systems benefits charge or any element of said charge as the need arises. The systems benefits charge shall be used to fund (1) the expenses of the public education outreach program developed under subsections (a), (f) and (g) of section 16-244d other than expenses for department staff, (2) the reasonable and proper expenses of the education outreach consultant pursuant to subsection (d) of section 16-244d, (3) the cost of hardship protection measures under sections 16-262c and 16-262d and other hardship protections, including, but not limited to, electric service bill payment programs, funding and technical support for energy assistance, fuel bank and weatherization programs and weatherization services, (4) the payment program to offset tax losses described in section 12-94d, (5) any sums paid to a resource recovery authority pursuant to subsection (b) of section 16-243e, (6) low income conservation programs approved by the Department of Public Utility Control, (7) displaced worker protection costs, (8) unfunded storage and disposal costs for spent nuclear fuel generated before January 1, 2000, approved by the appropriate regulatory agencies, (9) postretirement safe shutdown and site protection costs that are incurred in preparation for decommissioning, (10) decommissioning fund contributions, (11) the costs of temporary electric generation facilities incurred pursuant to section 16-19ss, (12) operating expenses for the Connecticut Energy Advisory Board, (13) costs associated with the Connecticut electric efficiency partner program established pursuant to section 94 of this act, (14) reinvestments and investments in energy efficiency programs and technologies pursuant to section 101 of this act, costs associated with the electricity conservation incentive program established

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pursuant to section 119 of this act, and [(13)] (15) legal, appraisal and purchase costs of a conservation or land use restriction and other related costs as the department in its discretion deems appropriate, incurred by a municipality on or before January 1, 2000, to ensure the environmental, recreational and scenic preservation of any reservoir located within this state created by a pump storage hydroelectric generating facility. As used in this subsection, "displaced worker protection costs" means the reasonable costs incurred, prior to January 1, 2008, (A) by an electric supplier, exempt wholesale generator, electric company, an operator of a nuclear power generating facility in this state or a generation entity or affiliate arising from the dislocation of any employee other than an officer, provided such dislocation is a result of (i) restructuring of the electric generation market and such dislocation occurs on or after July 1, 1998, or (ii) the closing of a Title IV source or an exempt wholesale generator, as defined in 15 USC 79z-5a, on or after January 1, 2004, as a result of such source's failure to meet requirements imposed as a result of sections 22a-197 and 22a-198 and this section or those Regulations of Connecticut State Agencies adopted by the Department of Environmental Protection, as amended from time to time, in accordance with Executive Order Number 19, issued on May 17, 2000, and provided further such costs result from either the execution of agreements reached through collective bargaining for union employees or from the company's or entity's or affiliate's programs and policies for nonunion employees, and (B) by an electric distribution company or an exempt wholesale generator arising from the retraining of a former employee of an unaffiliated exempt wholesale generator, which employee was involuntarily dislocated on or after January 1, 2004, from such wholesale generator, except for cause. "Displaced worker protection costs" includes costs incurred or projected for severance, retraining, early retirement, outplacement, coverage for surviving spouse insurance benefits and related expenses. "Displaced worker protection costs" does not include those costs included in determining a tax credit pursuant to section 12-

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Sec. 14. (NEW) (*Effective July 1, 2007*) (a) On or before October 1, 2007, the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act, in consultation with the electric distribution and gas companies, shall develop and estimate the cost of a comprehensive residential conservation program, including, but not limited to, the following features: (1) An audit identifying appropriate conservation measures applicable to a utility customer's dwelling unit, whether owned or rented by the customer, prioritizing measures for cost-effectiveness and reductions in peak electricity demand; (2) a system that prioritizes customers to be assisted at least in part by the customer's consent to installation of those measures that are the most cost-effective and reduce peak electricity demand; (3) a system of oversight that advises and assists a customer in obtaining landlord authority where needed for installation of cost-effective measures and assists a customer in accessing incentives, other cost savings and financing for cost-effective measures and identifying knowledgeable contractors for installation of such measures and ensures successful installation of such measures; and (4) provides financing for conservation measures on the utility bill, to the extent such financing repayment does not exceed the expected life of the measure, and the repayment amount plus the periodic customer bill after installation of conservation measures does not exceed the anticipated periodic bill for utility service without installation of such conservation measures, and authorizes disconnection for nonpayment by the customer of any financing repayment amount and assignment of repayment obligations to subsequent owners or tenants of the dwelling unit.

(b) On or before February 1, 2008, the Energy Conservation Management Board shall provide a report to the joint standing committees of the General Assembly having cognizance of matters

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relating to energy and the environment regarding development and the estimated cost of a comprehensive residential conservation program as defined in subsection (a) of this section. Nothing herein shall preclude development and implementation of conservation programs with features described in subsection (a) of this section prior to provision of said report, provided such programs have been approved by the Department of Public Utility Control.

Sec. 15. 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 photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, 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 July 1, 2004, the Department of Public Utility Control shall assess or cause to be assessed a charge of not less than 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

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section. 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 and also may in its discretion authorize the issuance of rate reduction bonds under this subsection and subsection (a) of section 16-245m 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 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

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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] that 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] that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. 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, businesses and lending institutions with regard to renewable energy technologies.

(d) The chairperson of the board of directors of Connecticut

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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 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

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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. 16. Section 4a-67c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

The Department of Administrative Services and each other budgeted agency, as defined in section 4-69, exercising procurement authority shall procure equipment and appliances for state use [which] that meet or exceed the federal energy conservation standards set forth in the Energy Policy and Conservation Act, 42 USC 6295, any federal regulations adopted thereunder, [and] any applicable energy performance standards established in accordance with subsection (j) of section 16a-38 and meet or exceed the federal Energy Star standards. Purchases of equipment and appliances for which energy performance

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standards have been established pursuant to subsection (j) of section 16a-38 shall be (1) made from among those specific models of equipment and appliances which meet such standards, and (2) based, when possible, on competitive bids. Such bids shall be evaluated on the basis of the life-cycle cost standards, if any, established pursuant to subsection (b) of section 16a-38.

Sec. 17. (NEW) (*Effective from passage*) (a) On or before July 1, 2007, the Department of Public Utility Control shall initiate a contested case proceeding, in accordance with chapter 54 of the general statutes, to determine a municipal electric utility's share of the one-time awards made to customer-side distributed resources made pursuant to subsection (a) of section 16-243i of the general statutes, as amended by this act, in order for customers in its service area to qualify for such awards. Said share shall reflect an equitable method of cost allocation that reflects the benefits that accrue to electric distribution customers as a result of such customer-side distributed resources.

(b) Notwithstanding subsection (a) of this section, on or before January 1, 2010, municipal utilities located in southwest Connecticut shall be eligible for awards of not less than two hundred dollars per kilowatt of such resources.

(c) To qualify for awards pursuant to this section, any customer shall submit an application, in a form prescribed by the Department of Public Utility Control, to said department. The application shall contain a certification by an independent licensed engineer that the customer-side distributed resource is intended to operate for purposes of reducing customer peak electric loads and that the project is financially viable.

Sec. 18. Section 16-243r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

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The provisions of sections 7-233y, 16-1, as amended by this act, 16-19ss, as amended by this act, 16-32f, 16-50i, 16-50k, as amended by this act, 16-50x, 16-243i to 16-243q, inclusive, as amended by this act, 16-244c, as amended by this act, 16-244e, as amended by this act, 16-245d, 16-245m, as amended by this act, 16-245n, as amended by this act, 16-245z and 16-262i and section 21 of public act 05-1 of the June special session*, apply to new customer-side distributed resources and grid-side distributed resources developed in this state that add electric capacity on and after January 1, 2006, and shall also apply to customer-side distributed resources and grid-side distributed resources developed in this state before January 1, 2007, that (1) have undergone upgrades that increase the resource's thermal efficiency operating level by no fewer than ten percentage points or, for resources that have a thermal efficiency level of at least seventy per cent, have undergone upgrades that increase the resource's turbine heat rate by no fewer than five percentage points and increase the electrical output of the resource by no fewer than ten percentage points, (2) operate at a thermal efficiency level of at least fifty per cent, and (3) add electric capacity in this state on or after January 1, 2007, provided such measure is in accordance with the provisions of said sections 7-233y, 16-1, 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-243i to 16-243q, inclusive, 16-244c, 16-244e, 16-245d, 16-245m, 16-245n, 16-245z and 16-262i and section 21 of public act 05-1 of the June special session*. On or before January 1, 2009, the Department of Public Utility Control, in consultation with the Office of Consumer Counsel, shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the cost-effectiveness of programs pursuant to this section.

Sec. 19. (NEW) (*Effective January 1, 2008*) Any municipality may, by vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, provide a property tax exemption with respect to motor vehicles that are exempt

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from sales and use taxes under subdivision (110) or (115) of section 12-412 of the general statutes, as amended by this act.

Sec. 20. Subdivision (110) of section 12-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2008, and applicable to sales occurring on or after said date*):

(110) On and after [July 1, 2000] January 1, 2008, and prior to July 1, [2002] 2010, the sale of any passenger car that has a United States Environmental Protection Agency estimated city or highway gasoline mileage rating of at least [fifty] forty miles per gallon.

Sec. 21. (NEW) (*Effective from passage*) As used in this section and sections 22 to 36, inclusive, of this act:

(1) "Energy improvement district distributed resources" means one or more of the following owned, leased, or financed by an Energy Improvement District Board: (A) Customer-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act; (B) grid-side distributed resources, as defined in said section 16-1; (C) combined heat and power systems, as defined in said section 16-1; and (D) Class III sources, as defined in said section 16-1; and

(2) "Project" means the acquisition, purchase, construction, reconstruction, improvement or extension of one or more energy improvement district distributed resources.

Sec. 22. (NEW) (*Effective from passage*) (a) Any municipality may, by vote of its legislative body, establish an energy improvement district within such municipality. The affairs of any such district shall be administered by an Energy Improvement District Board. The chief elected official of the municipality shall appoint the members of any such board, who shall serve for such term as the legislative body may prescribe and until their successors are appointed and have qualified. The chief elected official shall fill any vacancy for the unexpired

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portion of the term. The members of each such board shall serve without compensation, except for necessary expenses.

(b) After a vote by a municipality to establish an energy improvement district, the chief elected official of the municipality shall notify by mail each property owner of record within said district of said action. An owner may record on the land records in the municipality its decision to participate in the energy improvement district pursuant to sections 21 to 36, inclusive, of this act. Any owner of record, including any new owner of record, may rescind said decision at any time.

Sec. 23. (NEW) (*Effective from passage*) (a) An Energy Improvement District Board shall fund energy improvement district distributed resources in its district consistent with a comprehensive plan prepared for the district by said board for the development and financing of such resources, except on state or federally owned properties, with a view to increasing efficiency and reliability and the furtherance of commerce and industry in the energy improvement district, provided such district's plan shall be consistent with the state-wide procurement and deployment plan prepared and approved pursuant to section 54 of this act and the siting determinations of the Connecticut Siting Council. The board may lease or acquire office space and equip the same with suitable furniture and supplies for the performance of work of the board and may employ such personnel as may be necessary for such performance. The board also shall have power to:

(1) Sue and be sued;

(2) Have a seal and alter the same;

(3) Confer with any body or official having to do with electric power distribution facilities within and without the district and hold public hearings as to such facilities;

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(4) Confer with electric distribution companies with reference to the development of electric distribution facilities in such district and the coordination of the same;

(5) Determine the location, type, size and construction of energy improvement district distributed resources, subject to the approval of any department, commission or official of the United States, the state or the municipality where federal, state or municipal statute or regulation requires it;

(6) Make surveys, maps and plans for, and estimates of the cost of, the development and operation of requisite energy improvement district distributed resources and for the coordination of such facilities with existing agencies, both public and private, with the view of increasing the efficiency of the electric distribution system in the district and in the furtherance of commerce and industry in the district;

(7) Enter into contracts and leases, make loans and execute all instruments necessary to carry out their duties pursuant to this section, including the lending of proceeds of bonds to owners, lessees or occupants of facilities in the energy improvement district;

(8) Fix fees, rates, rentals or other charges for the purpose of all energy improvement district distributed resources owned by the Energy Improvement District Board and collect such fees, rates, rentals and other charges for such facilities owned by the board, which fees, rates, rentals or other charges shall be sufficient to comply with all covenants and agreements with the holders of any bonds issued pursuant to section 22 of this act;

(9) Operate and maintain all energy improvement district distributed resources owned or leased by the board and use the revenues from such resources for the corporate purposes of the board in accordance with any covenants or agreements contained in the

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proceedings authorizing the issuance of bonds pursuant to section 22 of this act;

(10) Accept gifts, grants, loans or contributions from the United States, the state or any agency or instrumentality of either, or a person or corporation, by conveyance, bequest or otherwise, and expend the proceeds for any purpose of the board and, as necessary, contract with the United States, the state or any agency or instrumentality of either to accept gifts, grants, loans or contributions on such terms and conditions as may be provided by the law authorizing the same;

(11) Maintain staff to promote and develop the movement of commerce through the energy improvement district; and

(12) Use the officers, employees, facilities and equipment of the municipality, with the consent of the municipality, and pay a proper portion of the compensation or cost.

(b) Nothing in sections 21 to 36, inclusive, of this act shall be construed to authorize an Energy Improvement District to:

(1) Be an electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, or provide electric distribution or electric transmission services, as defined in said section 16-1, or own or operate assets to provide such services;

(2) Be a municipal electric utility, as defined in section 7-233 of the general statutes, or provide the services of a municipal electric utility;

(3) Sell electricity to persons or entities in its municipality outside of the Energy Improvement District;

(4) Undertake any authority or jurisdiction granted by the general statutes to the Connecticut Siting Council, the Department of Public Utility Control, or any other state agency, or to undertake any actions

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under the jurisdiction of any federal agency; or

(5) Acquire property by eminent domain.

Sec. 24. (NEW) (*Effective from passage*) (a) An Energy Improvement District Board may, from time to time, issue bonds subject to the approval of the legislative body in the municipality in which the energy improvement district is located for the purpose of paying all or any part of the cost of acquiring, purchasing, constructing, reconstructing, improving or extending any energy improvement district distributed resources project and acquiring necessary land and equipment thereof or for any other authorized purpose of the board. The board may issue such types of bonds as it may determine, including, but not limited to, bonds payable as to principal and interest: (1) From its revenues generally; (2) exclusively from the income and revenues of a particular project; or (3) exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part from the proceeds of such bonds. Any such bonds may be additionally secured by a pledge of any grant or contribution from a participating municipality, the state or any political subdivision, agency or instrumentality thereof, any federal agency or any private corporation, copartnership, association or individual, or a pledge of any income or revenues of the board, or a mortgage on any project or other property of the board, provided such pledge shall not create any liability on the entity making such grant or contribution beyond the amount of such grant or contribution. Whenever and for so long as any board has issued and has outstanding bonds, the board shall fix, charge and collect rates, rents, fees and other charges in accordance with section 26 of this act. Neither the members of the board nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds and other obligations shall so state on their face that they shall not be a debt of the state or any political subdivision thereof, except

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when the board or a participating municipality, in accordance with section 33 of this act, has guaranteed payment of principal and of interest on the same, and no person other than the board or such a public body shall be liable thereon, nor shall such bonds or obligations be payable out of any funds or properties other than those of the board or such a participating municipality. Such bonds shall not constitute an indebtedness within the meaning of any statutory limitation on the indebtedness of any participating municipality. Bonds of the board are declared to be issued for an essential public and governmental purpose. In anticipation of the sale of such revenue bonds, the board may issue negotiable bond anticipation notes and may renew the same from time to time. The maximum maturity of any such note, including renewals thereof, shall not exceed five years from the date of original issue. Such notes shall be paid from any revenues of the board available therefor and not otherwise pledged or from the proceeds of sale of the revenue bonds of the Energy Improvement District Board in anticipation of which they were issued. The board shall issue the notes in the same manner as the revenue bonds. Such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations that a bond resolution of the board may contain.

(b) An Energy Improvement District Board may issue bonds as serial bonds, as term bonds or as both. Bonds shall be authorized by resolution of the members of the authority and shall bear such date or dates, mature at such time or times, not exceeding twenty years from their respective dates, bear interest at such rate or rates, or have provisions for the manner of determining such rate or rates, payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide. The

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revenue bonds or notes may be sold at public or private sale for such price or prices as the Energy Improvement District Board shall determine. Pending preparation of the definitive bonds, the Energy Improvement District Board may issue interim receipts or certificates that shall be exchanged for such definitive bonds.

(c) Any resolution or resolutions authorizing any revenue bonds or any issue of revenue bonds may contain provisions, which shall be part of the contract with the holders of the revenue bonds to be authorized, as to: (1) Pledging all or any part of the revenues of a project or any revenue-producing contract or contracts made by the Energy Improvement District Board with any individual, partnership, corporation or association or other body, public or private, to secure the payment of the revenue bonds or of any particular issue of revenue bonds, subject to such agreements with bondholders as may then exist; (2) the rentals, fees and other charges to be charged, the amounts to be raised in each year thereby and the use and disposition of the revenues; (3) the setting aside of reserves or sinking funds or other funds or accounts as the board may establish and the regulation and disposition thereof, including requirements that any such funds and accounts be held separate from or not be commingled with other funds of the board; (4) limitations on the right of the board or its agent to restrict and regulate the use of the project; (5) limitations on the purpose to which the proceeds of sale of any issue of revenue bonds then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of the revenue bonds or any issue of the revenue bonds; (6) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds; (7) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; (8) limitations on the amount of moneys derived from the project to be

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expended for operating, administrative or other expenses of the board; (9) defining the acts or omissions to act that shall constitute a default in the duties of the board to holders of its obligations and providing the rights and remedies of such holders in the event of a default; (10) the mortgaging of a project and the site thereof for the purpose of securing the bondholder; and (11) provisions for the execution of reimbursement agreements or similar agreements in connection with credit facilities, including, but not limited to, letters of credit or policies of bond insurance, remarketing agreements and agreements for the purpose of moderating interest rate fluctuations.

(d) If any member whose signature or a facsimile of whose signature appears on any bonds or coupons ceases to be such member before delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery. Notwithstanding the provisions of sections 21 to 36, inclusive, of this act, or any recitals in any bonds issued pursuant to this section, all such bonds shall be deemed to be negotiable instruments under the provisions of the general statutes.

(e) Unless otherwise provided by the ordinance creating the Energy Improvement District Board, the board may issue bonds pursuant to this section, without obtaining the consent of the state or of any political subdivision thereof and without any other proceedings or conditions specifically required by sections 21 to 36, inclusive, of this act.

(f) An Energy Improvement District Board may, within available funds, purchase its bonds or notes. The Energy Improvement District Board may hold, pledge, cancel or resell such bonds, subject to and in accordance with agreements with bondholders.

(g) An Energy Improvement District Board shall cause a copy of any bond resolutions adopted by it to be filed for public inspection in its

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office and in the office of the clerk of each participating municipality and may thereupon cause to be published at least once, in a newspaper published or circulating in each participating municipality, a notice stating the fact and date of such adoption and the places where such bond resolution has been so filed for public inspection and the date of the first publication of such notice and also stating that any action or proceeding of any kind or nature in any court questioning the validity or proper authorization of bonds provided for by the bond resolution, or the validity of any covenants, agreements or contracts provided for by the bond resolution, shall be commenced not later than twenty days after the first publication of such notice. If any such notice is published and if no action or proceeding questions the validity or proper authorization of bonds provided for by the bond resolution referred to in such notice or the validity of any covenants, agreements or contracts provided for by the bond resolution is commenced or instituted not later than twenty days after the first publication of said notice, then all residents and taxpayers and owners of property in each participating municipality and all other persons shall be forever barred and foreclosed from instituting or commencing any action or proceeding in any court or from pleading any defense to any action or proceeding questioning the validity or proper authorization of such bonds or the validity of such covenants, agreements or contracts, and said bonds, covenants, agreements and contracts shall be conclusively deemed to be valid and binding obligations in accordance with their terms and tenor.

(h) Notwithstanding any provision of the general statutes, (1) the state shall not have any liability or responsibility with regard to any obligation issued by the board, and (2) no political subdivision of the state shall have any liability or responsibility with regard to any obligation issued by the board except as expressly provided by sections 21 to 36, inclusive, of this act.

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Sec. 25. (NEW) (*Effective from passage*) An Energy Improvement District Board may secure any bonds issued pursuant to section 22 of this act by a trust indenture by way of conveyance, deed of trust or mortgage of any project or any other property of the board, whether or not financed in whole or in part from the proceeds of such bonds, or by a trust agreement by and between the board and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the state or by both such conveyance, deed of trust or mortgage and indenture or trust agreement. Such trust indenture or agreement may pledge or assign any or all fees, rents and other charges to be received or proceeds of any contract or contracts pledged, and may convey or mortgage any property of the board. Such trust indenture or agreement may contain such provisions for protecting and enforcing the right and remedies of the bondholders as may be reasonable and proper and not in violation of law, including provisions that have been specifically authorized to be included in any resolution or resolutions of the board authorizing the issue of bonds. Any bank or trust company incorporated under the laws of the state may act as depository of the proceeds of such bonds or of revenues or other moneys and may furnish such indemnifying bonds or pledge such securities as may be required by the board. Such trust indenture may set forth rights and remedies of the bondholders and of the trustee and may restrict the individual right of action by bondholders. In addition, such trust indenture or agreement may contain such other provisions as the board may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust indenture or agreement may be treated as part of the cost of a project.

Sec. 26. (NEW) (*Effective from passage*) (a) An Energy Improvement District Board may fix, revise, charge and collect rates, rents, fees and charges for the use of and for the services furnished or to be furnished by each project and to contract with any person, partnership,

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association or corporation, or other body, public or private, in respect thereof. Such rates, rents, fees and charges shall be fixed and adjusted in respect of the aggregate of rates, rents, fees and charges from such project so as to provide funds sufficient with other revenues, if any, to (1) pay the cost of maintaining, repairing and operating the project and each and every portion thereof, to the extent that the payment of such cost has not otherwise been adequately provided for, (2) pay the principal and interest of outstanding revenue bonds of the board issued in respect of such project as the same shall become due and payable, and (3) create and maintain reserves required or provided for in any resolution authorizing, or trust agreement securing, such revenue bonds of the board. Such rates, rents, fees and charges shall not be subject to supervision or regulation by any department, commission, board, body, bureau or agency of this state other than the board. A sufficient amount of the revenues derived in respect of a project, except such part of such revenues as may be necessary to pay the cost of maintenance, repair and operation and to provide reserves and for renewals, replacements, extensions, enlargements and improvements as may be provided for in the resolution authorizing the issuance of any revenue bonds of the board or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or trust agreement in a sinking or other similar fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such revenue bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made; the rates, rents, fees and charges and other revenues or other moneys so pledged and thereafter received by the board shall immediately be subject to the lien of any such pledge, without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the board,

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irrespective of whether such parties have notice thereof. Neither the resolution nor any trust indenture or agreement by which a pledge is created need be filed or recorded except in the records of the board. The use and disposition of moneys to the credit of such sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement. Except as may otherwise be provided in such resolution or such trust indenture or agreement, such sinking or other similar fund shall be a fund for all revenue bonds issued to finance a project of such board without distinction or priority of one over another.

(b) All moneys received by the board pursuant to sections 21 to 36, inclusive, of this act, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided pursuant to this section.

Sec. 27. (NEW) (*Effective from passage*) Any holder of bonds, notes, certificates or other evidences of borrowing issued pursuant to section 22 of this act or of any of the coupons appertaining thereto and the trustee under any trust indenture or agreement, except to the extent the right may be restricted by such trust indenture or agreement, may, either at law or in equity, by suit, action, injunction, mandamus or other proceedings, protect and enforce any and all rights under the provisions of the general statutes or granted by sections 21 to 36, inclusive, of this act, or under such trust indenture or agreement or the resolution authorizing the issuance of such bonds, notes or certificates, and may enforce and compel the performance of all duties required by said section or by such trust indenture or agreement or solution to be performed by the Energy Improvement District Board or by any officer or agent thereof, including the fixing, charging and collection of fees, rents and other charges.

Sec. 28. (NEW) (*Effective from passage*) An Energy Improvement District Board, in the exercise of its powers granted pursuant to

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sections 21 to 36, inclusive, of this act, shall be for the benefit of the inhabitants of the state, for the increase of their commerce and for the promotion of their safety, health, welfare, convenience and prosperity, and as the operation and maintenance of any project which the board is authorized to undertake constitute the performance of an essential governmental function, no board shall be required to pay any taxes or assessments upon any project acquired and constructed by it under the provisions of said sections. The bonds, notes, certificates or other evidences of debt issued pursuant to section 22 of this act, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free and exempt from taxation by the state and by any political subdivision thereof.

Sec. 29. (NEW) (*Effective from passage*) Bonds issued by an Energy Improvement District Board pursuant to section 22 of this act, shall be securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies and executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds shall be securities that may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations is now or may hereafter be authorized by law.

Sec. 30. (NEW) (*Effective from passage*) A municipality may, by ordinance, and any other governmental unit may, without any referendum or public or competitive bidding, and any person may sell, lease, lend, grant or convey to an Energy Improvement District Board or permit a board to use, maintain or operate as part of any distributed resource facility any real or personal property that may be necessary or useful and convenient for the purposes of the board and accepted by

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the board. Any such sale, lease, loan, grant, conveyance or permit may be made or given with or without consideration and for a specified or an unlimited period and under any agreement and on any terms and conditions that may be approved by such municipality, governmental unit or person and that may be agreed to by the board in conformity with its contract with the holders of any bonds. Subject to any such contracts with the holders of bonds, the board may enter into and perform any and all agreements with respect to property so purchased, leased, borrowed, received or accepted by it, including agreements for the assumption of principal or interest or both of indebtedness of such municipality, governmental unit or person or of any mortgage or lien existing with respect to such property or for the operation and maintenance of such property as part of any energy improvement district distributed resources facility.

Sec. 31. (NEW) (*Effective from passage*) A municipality, governmental unit or person may enter into and perform any lease or other agreement with any Energy Improvement District Board for the lease or other agreement with any municipality, governmental unit or person of all or any part of any energy improvement district distributed resource facility or facilities. Any such lease or other agreement may provide for the payment to the board by such municipality, governmental unit or person, annually or otherwise, of such sum or sums of money, computed at fixed amount or by any formula or in any other manner, as may be so fixed or computed. Any such lease or other agreement may be made and entered into for a term beginning currently or at some future or contingent date and with or without consideration and for a specified or unlimited time and on any terms and conditions which may be approved by such municipality, governmental unit or person and which may be agreed to by the board in conformity with its contract with the holders of any bonds, and shall be valid and binding on such municipality, governmental unit or person whether or not an appropriation is made

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thereby prior to authorization or execution of such lease or other agreement. Such municipality, governmental unit or person shall do all acts and things necessary, convenient or desirable to carry out and perform any such lease or other agreement entered into by it and to provide for the payment or discharge of any obligation thereunder in the same manner as other obligations of such municipality, governmental unit or person.

Sec. 32. (NEW) (*Effective from passage*) For the purpose of aiding an Energy Improvement District Board, a municipality, by ordinance or by resolution of its legislative body, shall have power from time to time and for such period and upon such terms, with or without consideration, as may be provided by such resolution or ordinance and accepted by the board, (1) to appropriate moneys for the purposes of the board, and to loan or donate such money to the board in such installments and upon such terms as may be agreed upon with the board, (2) to covenant and agree with the board to pay to or on the order of the board annually or at shorter intervals as a subsidy for the promotion of its purposes not more than such sums of money as may be stated in such resolution or ordinance or computed in accordance therewith, (3) upon authorization by it in accordance with law of the performance of any act or thing which it is empowered by law to authorize and perform and after appropriation of the moneys, if any, necessary for such performance, to covenant and agree with the board to do and perform such act or thing and as to the time, manner and other details of its doing and performance, and (4) to appropriate money for all or any part of the cost of acquisition or construction of such facility, and, in accordance with the limitations and any exceptions thereto and in accordance with procedure prescribed by law, to incur indebtedness, borrow money and issue its negotiable bonds for the purpose of financing such distributed resource facility and appropriation, and to pay the proceeds of such bonds to the board.

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Sec. 33. (NEW) (*Effective from passage*) For the purpose of aiding an Energy Improvement District Board in the planning, undertaking, acquisition, construction or operation of any distributed resource facility, a participating municipality may, pursuant to resolution adopted by its legislative body in the manner provided for adoption of a resolution authorizing bonds of such municipality and with or without consideration and upon such terms and conditions as may be agreed to by and between the municipality and the board, unconditionally guarantee the punctual payment of the principal of and interest on any bonds of the board and pledge the full faith and credit of the municipality to the payment thereof. Any guarantee of bonds of the board made pursuant to this section shall be evidenced by endorsement thereof on such bonds, executed in the name of the municipality and on its behalf by such officer thereof as may be designated in the resolution authorizing such guaranty, and such municipality shall thereupon and thereafter be obligated to pay the principal of and interest on said bonds in the same manner and to the same extent as in the case of bonds issued by it. As part of the guarantee of the municipality for payment of principal and interest on the bonds, the municipality may pledge to and agree with the owners of bonds issued under this chapter and with those persons who may enter into contracts with the municipality or the board or any successor agency pursuant to the provisions of this chapter that it will not limit or alter the rights thereby vested in the bond owners, the board or any contracting party until such bonds, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the municipality or the board, provided nothing in this subsection shall preclude such limitation or alteration if and when adequate provisions shall be made by law for the protection of the owners of such bonds of the municipality or the board or those entering into such contracts with the municipality or the board. The board is authorized to include this pledge and undertaking for the municipality in such bonds or contracts. To the extent provided in

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such agreement or agreements, the obligations of the municipality thereunder shall be obligatory upon the municipality and the inhabitants and property thereof, and thereafter the municipality shall appropriate in each year during the term of such agreement, and there shall be available on or before the date when the same are payable, an amount of money that, together with other revenue available for such purpose, shall be sufficient to pay such principal and interest guaranteed by it and payable thereunder in that year, and there shall be included in the tax levy for each such year in an amount that, together with other revenues available for such purpose, shall be sufficient to meet such appropriation. Any such agreement shall be valid, binding and enforceable against the municipality if approved by action of the legislative body of such municipality. Any such guaranty of bonds of the board may be made, and any resolution authorizing such guaranty may be adopted, notwithstanding any statutory debt or other limitations, but the principal amount of bonds so guaranteed shall, after their issuance, be included in the gross debt of such municipality for the purpose of determining the indebtedness of such municipality under subsection (b) of section 7-374 of the general statutes. The principal amount of bonds so guaranteed and included in gross debt shall be deducted and is declared to be and to constitute a deduction from such gross debt under and for all the purposes of subsection (b) of said section 7-374, (1) from and after the time of issuance of said bonds until the end of the fiscal year beginning next after the completion of acquisition and construction of the distributed resource facility to be financed from the proceeds of such bonds, and (2) during any subsequent fiscal year if the revenues of the board in the preceding fiscal year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal and interest on all such guaranteed bonds, all bonds of the municipality issued as provided in this section and all bonds of the Energy Improvement District Board issued under section 22 of this act.

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Sec. 34. (NEW) (*Effective from passage*) Any Energy Improvement District Board may pledge or assign any lease or other agreement, and any instruments making or evidencing the same to secure its bonds and thereafter may not modify such leases, agreements or instruments except as provided by the terms of such lease, agreement or instrument.

Sec. 35. (NEW) (*Effective from passage*) All property of an Energy Improvement District Board shall be exempt from levy and sale by virtue of an execution and no execution or other judicial process shall issue against the same nor shall any judgment against the board be a charge or lien upon its property, provided nothing in this section shall apply to or limit the rights of the holder of any bonds to pursue any remedy for the enforcement of any pledge or lien given by the board on its facility revenues or other moneys.

Sec. 36. (NEW) (*Effective from passage*) An Energy Improvement District Board and the municipality in which any property of the board is located may enter into agreements with respect to the payment by the board to such municipality of annual sums of money in lieu of taxes on such property in such amount as may be agreed upon between the board and the municipality. The board may make, and the municipality may accept, such payments and apply them in the manner in which taxes may be applied in such municipality, provided no such annual payment with respect to any parcel of such property shall exceed the amount of taxes paid thereon for the taxable year immediately prior to the time of its acquisition by the board.

Sec. 37. Subsection (b) of section 16-243a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(b) Each electric public service company, municipal electric energy cooperative and municipal electric utility shall: (1) Purchase any

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electrical energy and capacity made available, directly by a private power producer or indirectly under subdivision (4) of this subsection; (2) sell backup electricity to any private power producer in its service territory; (3) make such interconnections in accordance with the regulations adopted pursuant to subsection (h) of this section necessary to accomplish such purchases and sales; (4) upon approval by the Department of Public Utility Control of an application filed by a willing private power producer, transmit energy or capacity from the private power producer to any other such company, cooperative or utility or to another facility operated by the private power producer; and (5) offer to operate in parallel with a private power producer. In making a decision on an application filed under subdivision (4) of this subsection, the department shall consider whether such transmission would (A) adversely impact the customers of the company, cooperative or utility which would transmit energy or capacity to the private power producer, (B) result in an uncompensated loss for, or unduly burden, such company, cooperative, utility or private power producer, (C) impair the reliability of service of such company, cooperative or utility, or (D) impair the ability of the company, cooperative or utility to provide adequate service to its customers. The department shall issue a decision on such an application not later than one hundred twenty days after the application is filed, provided, the department may, before the end of such period and upon notifying all parties and intervenors to the proceeding, extend the period by thirty days. If the department does not issue a decision within one hundred twenty days after receiving such an application, or within one hundred fifty days if the department extends the period in accordance with the provisions of this subsection, the application shall be deemed to have been approved. The requirements under subdivisions (3), (4) and (5) of this subsection shall be subject to reasonable standards for operating safety and reliability and the nondiscriminatory assessment of costs against private power producers, approved by the Department of Public Utility Control with respect to electric public service companies

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or determined by municipal electric energy cooperatives and municipal electric utilities.

Sec. 38. Section 16-243a of the general statutes is amended by adding subsection (h) as follows (*Effective October 1, 2007*):

(NEW) (h) Not later than January 1, 2008, the Department of Public Utility Control shall issue a final decision approving interconnection standards that meet or exceed national standards of interconnectivity. If the department does not issue a final decision by October 1, 2008, each electric distribution company, municipal electric energy cooperative and municipal electric utility shall meet the standards set forth in Title 4, Chapter 4, Subchapter 9, "Net Metering and Interconnection Standards for Class I Renewable Energy Systems" of the New Jersey Administrative Code.

Sec. 39. Section 16-243h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

On and after January 1, 2000, each electric supplier or any electric distribution company providing standard offer, transitional standard offer, standard service or back-up electric generation service, pursuant to section 16-244c, as amended by this act, shall give a credit for any electricity generated by a [residential] customer from a Class I renewable energy source or a hydropower facility that has a nameplate capacity rating of two megawatts or less. The electric distribution company providing electric distribution services to such a customer shall make such interconnections necessary to accomplish such purpose. An electric distribution company, at the request of any residential customer served by such company and if necessary to implement the provisions of this section, shall provide for the installation of metering equipment that (1) measures electricity consumed by such customer from the facilities of the electric distribution company, (2) deducts from the measurement the amount

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of electricity produced by the customer and not consumed by the customer, and (3) registers, for each billing period, the net amount of electricity either (A) consumed and produced by the customer, or (B) the net amount of electricity produced by the customer. If, in a given monthly billing period, a customer-generator supplies more electricity to the electric distribution system than the electric distribution company or electric supplier delivers to the customer-generator, the electric distribution company or electric supplier shall credit the customer-generator for the excess by reducing the customer-generator's bill for the next monthly billing period to compensate for the excess electricity from the customer-generator in the previous billing period at a rate of one kilowatt-hour for one kilowatt-hour produced. The electric distribution company or electric supplier shall carry over the credits earned from monthly billing period to monthly billing period, and the credits shall accumulate until the end of the annualized period. At the end of each annualized period, the electric distribution company or electric supplier shall compensate the customer-generator for any excess kilowatt-hours generated, at the avoided cost of wholesale power. A [residential] customer who generates electricity from a generating unit with a name plate capacity of more than ten kilowatts of electricity pursuant to the provisions of this section shall be assessed for the competitive transition assessment, pursuant to section 16-245g and the systems benefits charge, pursuant to section 16-245l, as amended by this act, based on the amount of electricity consumed by the customer from the facilities of the electric distribution company without netting any electricity produced by the customer. For purposes of this section, "residential customer" means a customer of a single-family dwelling or multifamily dwelling consisting of two to four units.

Sec. 40. Section 16-245a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

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(a) [On and after January 1, 2006, an] An electric supplier and an electric distribution company providing standard service or supplier of last resort service, pursuant to section 16-244c, as amended by this act, shall demonstrate:

(1) On and after January 1, 2006, that not less than two per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources; [.]

(2) On and after January 1, 2007, not less than three and one-half per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources; [.]

(3) On and after January 1, 2008, not less than five per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources; [.]

(4) On and after January 1, 2009, not less than six per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources; [.]

(5) On and after January 1, 2010, not less than seven per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

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(6) On and after January 1, 2011, not less than eight per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(7) On and after January 1, 2012, not less than nine per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(8) On and after January 1, 2013, not less than ten per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(9) On and after January 1, 2014, not less than eleven per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(10) On and after January 1, 2015, not less than twelve and one-half per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(11) On and after January 1, 2016, not less than fourteen per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be

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from Class I or Class II renewable energy sources;

(12) On and after January 1, 2017, not less than fifteen and one-half per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(13) On and after January 1, 2018, not less than seventeen per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(14) On and after January 1, 2019, not less than nineteen and one-half per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

(15) On and after January 1, 2020, not less than twenty per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources.

(b) An electric supplier or electric distribution company may satisfy the requirements of this section (1) by purchasing certificates issued by the New England Power Pool Generation Information System, provided the certificates are for (A) energy produced by a generating unit using Class I or Class II renewable energy sources and the generating unit is located in the jurisdiction of the regional independent system operator, or (B) energy imported into the control area of the regional independent system operator pursuant to New

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England Power Pool Generation Information System Rule 2.7(c), as in effect on January 1, 2006; [or] (2) for those renewable energy certificates under contract to serve end-use customers in the state on or before October 1, 2006, by participating in a renewable energy trading program within said jurisdictions as approved by the Department of Public Utility Control; or (3) by purchasing eligible renewable electricity and associated attributes from residential customers who are net producers.

(c) Any supplier who provides electric generation services solely from a Class II renewable energy source shall not be required to comply with the provisions of this section.

(d) An electric supplier or an electric distribution company shall base its demonstration of generation sources, as required under subsection (a) of this section on historical data, which may consist of data filed with the regional independent system operator.

(e) (1) A supplier or an electric distribution company may make up any deficiency within its renewable energy portfolio within the first three months of the succeeding calendar year or as otherwise provided by generation information system operating rules approved by New England Power Pool or its successor to meet the generation source requirements of subsection (a) of this section for the previous year.

(2) No such supplier or electric distribution company shall receive credit for the current calendar year for generation from Class I or Class II renewable energy sources pursuant to this section where such supplier or distribution company receives credit for the preceding calendar year pursuant to subdivision (1) of this subsection.

(f) The department shall adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section.

Sec. 41. (NEW) (*Effective July 1, 2007*) (a) A municipal electric energy

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cooperative, created pursuant to chapter 101a of the general statutes, shall submit a comprehensive report on the activities of the municipal electric utilities with regard to promotion of renewable energy resources. Such report shall identify the standards and activities of municipal electric utilities in the promotion, encouragement and expansion of the deployment and use of renewable energy sources within the service areas of the municipal electric utilities for the prior calendar year. The cooperative shall submit the report to the Renewable Energy Investment Advisory Committee established pursuant to section 16-245n of the general statutes, as amended by this act, not later than ninety days after the end of each calendar year that describes the activities undertaken pursuant to this subsection during the previous calendar year for the promotion and development of renewable energy sources for all electric customer classes.

(b) Such cooperative shall develop standards for the promotion of renewable resources that apply to each municipal electric utility. On or before January 1, 2008, and annually thereafter, such cooperative shall submit such standards to the Renewable Energy Investment Advisory Committee.

Sec. 42. (NEW) (*Effective from passage*) (a) Notwithstanding the provisions of title 16 of the general statutes, a customer who implements energy conservation or customer-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act, on or after January 1, 2008, shall be eligible for Class III credits, pursuant to section 16-243q of the general statutes, as amended by this act. The Class III credit shall be not less than one cent per kilowatt hour. For nonresidential projects receiving conservation and load management funding, twenty-five per cent of the financial value derived from the credits earned pursuant to this section shall be directed to the customer who implements energy conservation or customer-side distribution resources pursuant to this section with the

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remainder of the financial value directed to the Conservation and Load Management Funds. For nonresidential projects not receiving conservation and load management funding submitted on or after March 9, 2007, seventy-five per cent of the financial value derived from the credits earned pursuant to this section shall be directed to the customer who implements energy conservation or customer-side distribution resources pursuant to this section with the remainder of the financial value directed to the Conservation and Load Management Funds. Not later than July 1, 2007, the Department of Public Utility Control shall initiate a contested case proceeding in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section.

(b) In order to be eligible for ongoing Class III credits, the customer shall file an application that contains information necessary for the department to determine that the resource qualifies for Class III status. Such application shall (1) certify that installation and metering requirements have been met where appropriate, (2) provide a detailed energy savings or energy output calculation for such time period as specified by the department, and (3) include any other information that the department deems appropriate.

(c) For conservation and load management projects that serve residential customers, seventy-five per cent of the financial value derived from the credits shall be directed to the Conservation and Load Management Funds.

Sec. 43. Section 16-243q of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) On and after January 1, 2007, each electric distribution company providing standard service pursuant to section 16-244c, as amended by this act, and each electric supplier as defined in section 16-1, as amended by this act, shall demonstrate to the satisfaction of the

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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] sources. 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] sources. 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] sources. 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] sources. Electric power obtained from customer-side distributed resources that does not meet air and water 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, as amended by this act, and twenty-five per cent shall be deposited in the Renewable Energy Investment Fund established in section 16-245n, as amended by this act, except that such seventy-five per cent of assessed charges with respect to an

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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 may contract with its wholesale suppliers to comply with the

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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, 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 sources 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)] (3) verification of the accuracy of conservation and customer-side distributed resources credits, [(5)] (4) verification of the fact that resources or credits used to satisfy the requirement of this section have not been used to satisfy any other portfolio or similar

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requirement, [(6)] (5) 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)] (6) 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] 2008.

Sec. 44. Subdivision (44) of subsection (a) of section 16-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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, a waste heat recovery system installed on or after April 1, 2007, that produces electrical or thermal energy by capturing preexisting waste heat or pressure from industrial or commercial processes, or the electricity savings created [at commercial and industrial facilities] in this state from conservation and load management programs begun on or after January 1, 2006.

Sec. 45. Subsection (a) of section 22a-6 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) The commissioner may: (1) Adopt, amend or repeal, in accordance with the provisions of chapter 54, such environmental standards, criteria and regulations, and such procedural regulations as are necessary and proper to carry out his functions, powers and duties;

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(2) enter into contracts with any person, firm, corporation or association to do all things necessary or convenient to carry out the functions, powers and duties of the department; (3) initiate and receive complaints as to any actual or suspected violation of any statute, regulation, permit or order administered, adopted or issued by him. The commissioner shall have the power to hold hearings, administer oaths, take testimony and subpoena witnesses and evidence, enter orders and institute legal proceedings including, but not limited to, suits for injunctions, for the enforcement of any statute, regulation, order or permit administered, adopted or issued by him; (4) in accordance with regulations adopted by him, require, issue, renew, revoke, modify or deny permits, under such conditions as he may prescribe, governing all sources of pollution in Connecticut within his jurisdiction; (5) in accordance with constitutional limitations, enter at all reasonable times, without liability, upon any public or private property, except a private residence, for the purpose of inspection and investigation to ascertain possible violations of any statute, regulation, order or permit administered, adopted or issued by him and the owner, managing agent or occupant of any such property shall permit such entry, and no action for trespass shall lie against the commissioner for such entry, or he may apply to any court having criminal jurisdiction for a warrant to inspect such premises to determine compliance with any statute, regulation, order or permit administered, adopted or enforced by him, provided any information relating to secret processes or methods of manufacture or production ascertained by the commissioner during, or as a result of, any inspection, investigation, hearing or otherwise shall be kept confidential and shall not be disclosed except that, notwithstanding the provisions of subdivision (5) of subsection (b) of section 1-210, such information may be disclosed by the commissioner to the United States Environmental Protection Agency pursuant to the federal Freedom of Information Act of 1976, (5 USC 552) and regulations adopted thereunder or, if such information is submitted after June 4, 1986, to

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any person pursuant to the federal Clean Water Act (33 USC 1251 et seq.); (6) undertake any studies, inquiries, surveys or analyses he may deem relevant, through the personnel of the department or in cooperation with any public or private agency, to accomplish the functions, powers and duties of the commissioner; (7) require the posting of sufficient performance bond or other security to assure compliance with any permit or order; (8) provide by notice printed on any form that any false statement made thereon or pursuant thereto is punishable as a criminal offense under section 53a-157b; (9) construct or repair or contract for the construction or repair of any dam or flood and erosion control system under his control and management, make or contract for the making of any alteration, repair or addition to any other real asset under his control and management, including rented or leased premises, involving an expenditure of five hundred thousand dollars or less, and, with prior approval of the Commissioner of Public Works, make or contract for the making of any alteration, repair or addition to such other real asset under his control and management involving an expenditure of more than five hundred thousand dollars but not more than one million dollars; (10) in consultation with affected town and watershed organizations, enter into a lease agreement with a private entity owning a facility to allow the private entity to generate hydroelectricity provided the project meets the certification standards of the Low Impact Hydropower Institute; (11) by regulations adopted in accordance with the provisions of chapter 54, require the payment of a fee sufficient to cover the reasonable cost of the search, duplication and review of records requested under the Freedom of Information Act, as defined in section 1-200, and the reasonable cost of reviewing and acting upon an application for and monitoring compliance with the terms and conditions of any state or federal permit, license, registration, order, certificate or approval required pursuant to subsection (i) of section 22a-39, subsections (c) and (d) of section 22a-96, subsections (h), (i) and (k) of section 22a-424, and sections 22a-6d, 22a-32, 22a-134a, 22a-134e, 22a-135, 22a-148, 22a-

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150, 22a-174, 22a-208, 22a-208a, 22a-209, 22a-342, 22a-345, 22a-354i, 22a-361, 22a-363c, 22a-368, 22a-372, 22a-379, 22a-403, 22a-409, 22a-416, 22a-428 to 22a-432, inclusive, 22a-449 and 22a-454 to 22a-454c, inclusive, and Section 401 of the federal Clean Water Act, (33 USC 1341). Such costs may include, but are not limited to the costs of (A) public notice, (B) reviews, inspections and testing incidental to the issuance of and monitoring of compliance with such permits, licenses, orders, certificates and approvals, and (C) surveying and staking boundary lines. The applicant shall pay the fee established in accordance with the provisions of this section prior to the final decision of the commissioner on the application. The commissioner may postpone review of an application until receipt of the payment. Payment of a fee for monitoring compliance with the terms or conditions of a permit shall be at such time as the commissioner deems necessary and is required for an approval to remain valid; and [(11)] (12) by regulations adopted in accordance with the provisions of chapter 54, require the payment of a fee sufficient to cover the reasonable cost of responding to requests for information concerning the status of real estate with regard to compliance with environmental statutes, regulations, permits or orders. Such fee shall be paid by the person requesting such information at the time of the request. Funds not exceeding two hundred thousand dollars received by the commissioner pursuant to subsection (g) of section 22a-174, during the fiscal year ending June 30, 1985, shall be deposited in the General Fund and credited to the appropriations of the Department of Environmental Protection in accordance with the provisions of section 4-86, and such funds shall not lapse until June 30, 1986. In any action brought against any employee of the department acting within his scope of delegated authority in performing any of the above-listed duties, the employee shall be represented by the Attorney General.

Sec. 46. Subdivision (57) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective*

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October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007):

(57) (a) [Subject to authorization of the exemption by ordinance in any municipality, any] Any Class I renewable energy source, as defined in section 16-1, as amended by this act, or any hydropower facility described in subdivision (27) of [said] section 16-1, installed for the generation of electricity for private residential use, provided such installation occurs on or after October 1, [1977] 2007, and further provided such installation is for a single family dwelling or multifamily dwelling consisting of two to four units, or any passive or active solar water or space heating system or geothermal energy resource;

(b) Any person claiming the exemption provided in this subdivision for any assessment year shall, on or before the first day of November in such assessment year, file with the assessor or board of assessors in the town in which such hydropower facility, Class I renewable energy source, or passive or active solar water or space heating system or geothermal energy resource is located, written application claiming such exemption. Failure to file such application in the manner and form as provided by such assessor or board within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if such hydropower facility, Class I renewable energy source, or passive or active solar water or space heating system or geothermal energy resource is altered in a manner which would require a building permit, such alteration shall be deemed a waiver of the right to such exemption until a new application, applicable with respect to such altered source, is filed and the right to such exemption is established as required initially.

Sec. 47. Subdivision (63) of section 12-81 of the general statutes is

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repealed and the following is substituted in lieu thereof (*Effective October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007*):

(63) (a) Subject to authorization of the exemption by ordinance in any municipality and to the provisions of subparagraph (b) of this subdivision, [any solar energy electricity generating system which is not eligible for exemption under subdivision (57) of this section,] any cogeneration system [, or both,] installed on or after July 1, [1981, and before October 1, 2006] 2007. The ordinance shall establish the number of years that a system will be exempt from taxation, except that it may not provide for an exemption beyond the first fifteen assessment years following the installation of a system. The ordinance shall prohibit the exemption from applying to additions to resources recovery facilities operating on October 1, 1994, or to resources recovery facilities constructed on and after that date and may prohibit the exemption from applying to property acquired by eminent domain for the purpose of qualifying for the exemption;

(b) As used in this subdivision, [(A) "solar energy electricity generating system" means equipment which is designed, operated and installed as a system which utilizes solar energy as the energy source for at least seventy-five per cent of the electricity produced by the system and meets the standards established by regulation, in accordance with the provisions of chapter 54, by the Secretary of the Office of Policy and Management, and (B)] "cogeneration system" means equipment which is designed, operated and installed as a system which produces, in the same process, electricity and exhaust steam, waste steam, heat or other resultant thermal energy which is used for space or water heating or cooling, industrial, commercial, manufacturing or other useful purposes and which meets standards established by regulation, in accordance with the provisions of chapter 54, by the Secretary of the Office of Policy and Management;

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(c) Any municipality which adopts an ordinance authorizing an exemption provided by this subdivision may enter into a written agreement with an applicant for the exemption, which may require the applicant to make payments to the municipality in lieu of taxes. The agreement may vary the amount of the payments in lieu of taxes in each assessment year of the agreement, provided the payment in any assessment year is not greater than the taxes which would otherwise be due in the absence of the exemption. Any agreement negotiated under this subdivision shall be submitted to the legislative body of the municipality for its approval or rejection;

(d) Any person claiming the exemption provided in this subdivision for any assessment year and whose application has been approved in accordance with subparagraph (c) of this subdivision shall, on or before the first day of November in such assessment year, file with the assessor or board of assessors in the town in which the system is located written application claiming the exemption. Failure to file the application in the manner and form as provided by such assessor or board within the time limit prescribed shall constitute a waiver of the right to the exemption for such assessment year. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if such [solar energy electricity generating system or] cogeneration system is altered in a manner which would require a building permit, such alteration shall be deemed a waiver of the right to such exemption until a new application, applicable with respect to such altered system, is filed and the right to such exemption is established as required initially.

Sec. 48. Section 20-340 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The provisions of this chapter shall not apply to: (1) Persons employed by any federal, state or municipal agency; (2) employees of any public service company regulated by the Department of Public

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Utility Control or of any corporate affiliate of any such company when the work performed by such affiliate is on behalf of a public service company, but in either case only if the work performed is in connection with the rendition of public utility service, including the installation or maintenance of wire for community antenna television service, or is in connection with the installation or maintenance of wire or telephone sets for single-line telephone service located inside the premises of a consumer; (3) employees of any municipal corporation specially chartered by this state; (4) employees of any contractor while such contractor is performing electrical-line or emergency work for any public service company; (5) persons engaged in the installation, maintenance, repair and service of electrical or other appliances of a size customarily used for domestic use where such installation commences at an outlet receptacle or connection previously installed by persons licensed to do the same and maintenance, repair and service is confined to the appliance itself and its internal operation; (6) employees of industrial firms whose main duties concern the maintenance of the electrical work, plumbing and piping work, solar thermal work, heating, piping, cooling work, sheet metal work, elevator installation, repair and maintenance work, automotive glass work or flat glass work of such firm on its own premises or on premises leased by it for its own use; (7) employees of industrial firms when such employees' main duties concern the fabrication of glass products or electrical, plumbing and piping, fire protection sprinkler systems, solar, heating, piping, cooling, chemical piping, sheet metal or elevator installation, repair and maintenance equipment used in the production of goods sold by industrial firms, except for products, electrical, plumbing and piping systems and repair and maintenance equipment used directly in the production of a product for human consumption; (8) persons performing work necessary to the manufacture or repair of any apparatus, appliances, fixtures, equipment or devices produced by it for sale or lease; (9) employees of stage and theatrical companies performing the operation, installation

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and maintenance of electrical equipment if such installation commences at an outlet receptacle or connection previously installed by persons licensed to make such installation; (10) employees of carnivals, circuses or similar transient amusement shows who install electrical work, provided such installation shall be subject to the approval of the State Fire Marshal prior to use as otherwise provided by law and shall comply with applicable municipal ordinances and regulations; (11) persons engaged in the installation, maintenance, repair and service of glass or electrical, plumbing, fire protection sprinkler systems, solar, heating, piping, cooling and sheet metal equipment in and about single-family residences owned and occupied or to be occupied by such persons; provided any such installation, maintenance and repair shall be subject to inspection and approval by the building official of the municipality in which such residence is located and shall conform to the requirements of the State Building Code; (12) persons who install, maintain or repair glass in a motor vehicle owned or leased by such persons; (13) persons or entities holding themselves out to be retail sellers of glass products, but not such persons or entities that also engage in automotive glass work or flat glass work; (14) persons who install preglazed or preassembled windows or doors in residential or commercial buildings; (15) persons registered under chapter 400 who install safety-backed mirror products or repair or replace flat glass in sizes not greater than thirty square feet in residential buildings; [and] (16) sheet metal work performed in residential buildings consisting of six units or less by new home construction contractors registered pursuant to chapter 399a, by home improvement contractors registered pursuant to chapter 400 or by persons licensed pursuant to this chapter, when such work is limited to exhaust systems installed for hoods and fans in kitchens and baths, clothes dryer exhaust systems, radon vent systems, fireplaces, fireplace flues, masonry chimneys or prefabricated metal chimneys rated by the Underwriter's Laboratory or installation of stand-alone appliances including wood, pellet or other stand-alone stoves that are

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installed in residential buildings by such contractors or persons; and (17) employees of or any contractor employed by and under the direction of a properly licensed solar contractor, performing work limited to the hoisting, placement and anchoring of solar collectors, photovoltaic panels, towers or turbines.

Sec. 49. Subsection (e) of section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(e) (1) On and after January 1, 2007, an electric distribution company shall serve customers that are not eligible to receive standard service pursuant to subsection (c) of this section as the supplier of last resort. This subsection shall not apply to customers purchasing power under contracts entered into pursuant to section 16-19hh. [Any customer previously receiving electric generation services from an electric supplier shall not be eligible to receive supplier of last resort service pursuant to this subsection unless such customer agrees to receive supplier of last resort service for a period of not less than one year.]

(2) An electric distribution company shall procure electricity at least every calendar quarter to provide electric generation services to customers pursuant to this subsection. The Department of Public Utility Control shall determine a price for such customers that reflects the full cost of providing the electricity on a monthly basis. Each electric distribution company shall recover the actual net costs of procuring and providing electric generation services pursuant to this subsection, provided such company mitigates the costs it incurs for the procurement of electric generation services for customers that are no longer receiving service pursuant to this subsection.

Sec. 50. (NEW) (*Effective January 1, 2008*) From January 1, 2008, until February 1, 2008, any person may, and an electric distribution company shall, submit a plan to build peaking generation, or the

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electric distribution companies may submit a joint ownership plan to build peaking generation, to be heard in a contested case proceeding before the Department of Public Utility Control. An electric distribution company's plan shall include its full projected costs and shall demonstrate to the department that it is not supported in any form of cross subsidization by affiliated entities. Any plan approved by the department shall (1) include a requirement that the owner of the peaking generation is compensated at cost of service plus reasonable rate of return as determined by the department, and (2) require that such peaking generation facility is operated at such times and such capacity so as to reduce overall electricity rates for consumers. The department may retain a consultant to help determine if projected costs included in the plan are good faith preliminary estimates and may require modification of the plan as necessary to protect the best interests of ratepayers. Not later than one hundred twenty days after the plan is submitted, the department shall approve the plan unless it demonstrates in detail, pursuant to section 16-19e of the general statutes, as amended by this act, that such plan is not in the best interests of ratepayers. The department shall request that any person submitting a plan to submit further information it deems to be in the public interest that the department shall use in evaluating the proposal. Such person shall only recover the just and reasonable costs of construction of the facility and, in an annual retail generation rate contested case, shall be entitled to recover its prudently incurred costs of such project, including, but not limited to, capital costs, operation and maintenance expenses, depreciation, fuel costs, taxes and other governmental charges and a reasonable rate of return on equity. The department shall review such recovery of costs consistent with the principles set forth in sections 16-19, 16-19b and 16-19e of the general statutes, as amended by this act, provided the return on equity associated with such project shall be established in the initial annual contested case proceeding under this subsection and updated at least once every four years. A person operating a peaking generation unit

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pursuant to this section shall bid the unit into all regional independent system operator markets, including the energy market, capacity market or forward reserve market, using cost-of-service principles and pursuant to guidelines established by the department each year in the annual retail generation rate case pursuant to this section.

Sec. 51. (NEW) (*Effective from passage*) (a) The electric distribution companies, in consultation with the Connecticut Energy Advisory Board, established pursuant to section 16a-3 of the general statutes, as amended by this act, shall review the state's energy and capacity resource assessment and develop a comprehensive plan for the procurement of energy resources, including, but not limited to, conventional and renewable generating facilities, energy efficiency, load management, demand response, combined heat and power facilities, distributed generation and other emerging energy technologies to meet the projected requirements of their customers in a manner that minimizes the cost of such resources to customers over time and maximizes consumer benefits consistent with the state's environmental goals and standards.

(b) On or before January 1, 2008, and annually thereafter, the companies shall submit to the Connecticut Energy Advisory Board an assessment of (1) the energy and capacity requirements of customers for the next three, five and ten years, (2) the manner of how best to eliminate growth in electric demand, (3) how best to level electric demand in the state by reducing peak demand and shifting demand to off-peak periods, (4) the impact of current and projected environmental standards, including, but not limited to, those related to greenhouse gas emissions and the federal Clean Air Act goals and how different resources could help achieve those standards and goals, (5) energy security and economic risks associated with potential energy resources, and (6) the estimated lifetime cost and availability of potential energy resources.

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(c) Resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible. The projected customer cost impact of any demand-side resources considered pursuant to this subsection shall be reviewed on an equitable bases with nondemand-side resources. The procurement plan shall specify (1) the total amount of energy and capacity resources needed to meet the requirements of all customers, (2) the extent to which demand-side measures, including efficiency, conservation, demand response and load management can cost-effectively meet these needs, (3) needs for generating capacity and transmission and distribution improvements, (4) how the development of such resources will reduce and stabilize the costs of electricity to consumers, and (5) the manner in which each of the proposed resources should be procured, including the optimal contract periods for various resources.

(d) The procurement plan shall consider: (1) Approaches to maximizing the impact of demand-side measures; (2) the extent to which generation needs can be met by renewable and combined heat and power facilities; (3) the optimization of the use of generation sites and generation portfolio existing within the state; (4) fuel types, diversity, availability, firmness of supply and security and environmental impacts thereof, including impacts on meeting the state's greenhouse gas emission goals; (5) reliability, peak load and energy forecasts, system contingencies and existing resource availabilities; (6) import limitations and the appropriate reliance on such imports; and (7) the impact of the procurement plan on the costs of electric customers.

(e) The board, in consultation with the regional independent system operator, shall review and approve or review, modify and approve the proposed procurement plan as submitted not later than one hundred twenty days after receipt. For calendar years 2009 and thereafter, the

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board shall conduct such review not later than sixty days after receipt. For the purpose of reviewing the plan, the Commissioners of Transportation and Agriculture and the chairperson of the Public Utilities Control Authority, or their respective designees, shall not participate as members of the board. The electric distribution companies shall provide any additional information requested by the board that is relevant to the consideration of the procurement plan. In the course of conducting such review, the board shall conduct a public hearing, may retain the services of a third-party entity with experience in the area of energy procurement and may consult with the regional independent system operator. The board shall submit the reviewed procurement plan, together with a statement of any unresolved issues, to the Department of Public Utility Control. The department shall consider the procurement plan in an uncontested proceeding and shall conduct a hearing and provide an opportunity for interested parties to submit comments regarding the procurement plan. Not later than one hundred twenty days after submission of the procurement plan, the department shall approve, or modify and approve, the procurement plan. For calendar years 2009 and thereafter, the department shall approve, or modify and approve, said procurement plan not later than sixty days after submission.

(f) On or before September 30, 2009, and every two years thereafter, the Department of Public Utility Control shall report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding goals established and progress toward implementation of the procurement plan established pursuant to this section, as well as any recommendations for the process.

(g) All electric distribution companies' costs associated with the development of the resource assessment and the development of the procurement plan shall be recoverable through the systems benefits

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charge.

Sec. 52. (NEW) (*Effective from passage*) (a) The Department of Public Utility Control shall oversee the implementation of the procurement plan approved by the Department of Public Utility Control pursuant to section 51 of this act. The electric distribution companies shall implement the demand-side measures, including, but not limited to, energy efficiency, load management, demand response, combined heat and power facilities, distributed generation and other emerging energy technologies, specified in said procurement plan through the comprehensive conservation and load management plan prepared pursuant to section 16-245m of the general statutes, as amended by this act for review by the Energy Conservation Management Board. The electric distribution companies shall submit proposals to appropriate regulatory agencies to address transmission and distribution upgrades as specified in said procurement plan.

(b) If the procurement plan specifies the construction of a generating facility, the department shall develop and issue a request for proposals, 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. Pursuant to a nondisclosure agreement, the department shall make available to the Office of Consumer Counsel and the Attorney General all confidential bid information it receives pursuant to this subsection, provided the bids and any analysis of such bids shall not be subject to disclosure under the Freedom of Information Act. Three months after the department issues a final decision, it shall make available all financial bid information, provided such information regarding the bidders not selected be presented in a manner that conceals the identities of such bidders.

(1) On and after July 1, 2008, an electric distribution company may submit proposals in response to a request for proposals on the same

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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 any such bid shall demonstrate to the satisfaction of the department that its bid is not supported in any form of cross subsidization by affiliated entities. If the department approves such electric distribution company's proposal, 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, as amended by this act. An electric distribution company shall not recover more than the full costs identified in any approved proposal. Affiliates of the electric distribution company may submit proposals pursuant to section 16-244h of the general statutes, regulations adopted pursuant to section 16-244h of the general statutes and other requirements the department may impose.

(2) If the department selects a nonelectric distribution company proposal, an electric distribution company shall, within thirty days of the selection of a proposal by the department, negotiate in good faith the final terms of a contract with a generating facility and shall apply to the department for approval of such contract. Upon department approval, the electric distribution company shall enter into such contract.

(3) The department shall determine the appropriate manner of cost recovery for proposals selected pursuant to this section.

(4) 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

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recoverable through the generation services charge.

(c) The electric distribution companies shall issue requests for proposals to acquire any other resource needs not identified in subsections (a) or (b) of this section but specified in the procurement plan approved by the Department of Public Utility Control pursuant to section 51 of this act. Such requests for proposals shall be subject to approval by the department.

Sec. 53. Section 16a-3 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There is established a Connecticut Energy Advisory Board consisting of [nine] fifteen members, including the Commissioner of Environmental Protection, the chairperson of the Public Utilities Control Authority, the Commissioner of Transportation, the Consumer Counsel, the Commissioner of Agriculture, and the Secretary of the Office of Policy and Management, or their respective designees. The Governor shall appoint [one member, the] a representative of an environmental organization knowledgeable in energy efficiency programs, a representative of a consumer advocacy organization and a representative of a state-wide business association. The president pro tempore of the Senate shall appoint [one member, and the] a representative of a chamber of commerce, a representative of a state-wide manufacturing association and a member of the public considered to be an expert in electricity, generation, procurement or conservation programs. The speaker of the House of Representatives shall appoint [one member, all of whom] a representative of low-income ratepayers, a representative of state residents, in general, with expertise in energy issues and a member of the public considered to be an expert in electricity, generation, procurement or conservation programs. All appointed members shall serve in accordance with section 4-1a. No appointee may be employed by, or a consultant of, a public service company, as defined in section 16-1, as amended by this

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act, or an electric supplier, as defined in section 16-1, as amended by this act, or an affiliate or subsidiary of such company or supplier.

(b) The board shall [(1) prepare an annual report pursuant to section 16a-7a; (2)] (1) represent the state in regional energy system planning processes conducted by the regional independent system operator, as defined in section 16-1, as amended by this act; [(3)] (2) encourage representatives from the municipalities that are affected by a proposed project of regional significance to participate in regional energy system planning processes conducted by the regional independent system operator; [(4) issue a request-for-proposal in accordance with subsections (b) and (c) of section 16a-7c; (5) evaluate the proposals received pursuant to the request-for-proposal in accordance with subsection (f) of section 16a-7c; (6)] (3) participate in a forecast proceeding conducted pursuant to subsection (a) of section 16-50r; [and (7)] (4) participate in a life-cycle proceeding conducted pursuant to subsection (b) of section 16-50r; and (5) review the procurement plan submitted by the electric distribution companies pursuant to section 51 of this act.

(c) The board shall elect a chairman and a vice-chairman from among its members and shall adopt such rules of procedure as are necessary to carry out its functions.

(d) The board shall convene its first meeting not later than September 1, 2003. A quorum of the board shall consist of two-thirds of the members currently serving on the board.

(e) The board shall employ such staff as is required for the proper discharge of its duties. The board may also retain any third-party consultants it deems necessary to accomplish the goals set forth in subsection (b) of this section. The board shall annually submit to the Department of Public Utility Control a proposal regarding the level of funding required for the discharge of its duties, which proposal shall

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be approved by the department either as submitted or as modified by the department.

(f) The Connecticut Energy Advisory Board shall be within the Office of Policy and Management for administrative purposes only.

Sec. 54. Section 16a-7c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) Not later than fifteen days after receiving information pursuant to subsection (e) of section 16-50l, the Connecticut Energy Advisory Board shall publish such information in one or more newspapers or periodicals, as selected by the board.

(b) On or after December 1, 2004, not later than fifteen days after the filing of an application pursuant to subdivision (1) of subsection (a) of section 16-50i, except for an application for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i, the Connecticut Energy Advisory Board shall issue a request-for-proposal to seek alternative solutions to the need that will be addressed by the proposed facility in such application. Such request-for-proposal shall, where relevant, solicit proposals that include distributed generation or energy efficiency measures. The board shall publish such request-for-proposal in one or more newspapers or periodicals, as selected by the board. Any facility generating not more than five megawatts and any electric transmission line, electric generation facility or electric substation otherwise constituting a facility as described in subsection (a) of section 16-50i that, as part of the proceeding conducted pursuant to section 8 of this act and in accordance with this subsection, shall be determined by the Connecticut Siting Council and the Department of Public Utility Control to be required for the reliability of electric supply to critical national defense and homeland security infrastructure shall be exempt from the request for proposal process described in this subsection and exempt from the municipal

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participation fee requirements of subdivision (1) of subsection (a) of section 16-50l, as amended by this act. Such determination shall be made on or before December 31, 2007. Notwithstanding the provisions of this subsection, the board, by a vote of two-thirds of the members present and voting, may determine that a request for proposal is unnecessary for a specific application because the process is not likely to result in a reasonable alternative to the proposed facility. On or before December 1, 2007, after seeking public comment, the board shall approve additional criteria for considering whether a request for proposal process should not be required for a specific application. Any determination that a request-for-proposal is not required shall include the board's reasons for such determination.

(c) The board may issue a request-for-proposal for solutions to a need for new energy resources, new energy transmission facilities in the state, and new energy conservation initiatives in the state identified [in the annual comprehensive energy report prepared under section 16a-7a or identified] in regional energy system planning processes conducted by the regional independent system operator, as defined in section 16-1, as amended by this act. Such request-for-proposal shall, where relevant, solicit proposals that include distributed generation or energy efficiency measures. The board shall publish such request-for-proposal in one or more newspapers or periodicals, as selected by the board.

(d) Not later than sixty days after the first date of publication of a request-for-proposal, a person or any legal entity may submit a proposal by filing with the board information as such person or entity may consider relevant to such proposal. The board may request further information from the person or entity that it deems necessary to evaluate the proposal pursuant to subsection (f) of this section.

(e) Upon the submission of a proposal pursuant to a request-for-proposal, the person or entity submitting the proposal shall consult

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with the municipality in which the facility may be located and with any other municipality that would be required to be served with a copy of an application for such proposal under subdivision (1) of subsection (b) of section 16-50l concerning the proposed and alternative sites of the facility. Such consultation with the municipality shall include, but not be limited to, good faith efforts to meet with the chief elected official of the municipality. At the time of the consultation, the person or entity submitting the proposal shall provide the chief elected official with any technical reports concerning the public need, the site selection process and the environmental effects of the proposed facility. The municipality may conduct public hearings and meetings as it deems necessary for it to advise the person or entity submitting the proposal of its recommendations concerning the proposed facility. Within sixty days of the initial consultation, the municipality shall issue its recommendations to the person or entity submitting the proposal. If a person or entity chooses to file an application pursuant to subdivision (3) of subsection (a) of section 16-50l, then such person or entity shall provide to the Connecticut Siting Council a summary of the consultations with the municipality, including all recommendations issued by the municipality. A person or entity that has complied with this subsection shall be exempt from the provisions of subsection (e) of section 16-50l.

(f) Not later than forty-five days after the deadline for submissions in response to a request-for-proposal, the board shall issue a report that evaluates each proposal received, including any proposal contained in an application to the council that initiated a request-for-proposal, based on the materials received pursuant to subsection (d) of this section, or information contained in the application, as required by section 16-50l, for conformance with the infrastructure criteria guidelines created pursuant to section 6a-7b. The board shall forward the results of such evaluation process to the Connecticut Siting Council.

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(g) When evaluating submissions pursuant to subsection (f) of this section for a facility described in subdivision (3) of subsection (a) of section 16-50i that are in excess of sixty-five megawatts, the board shall perform a net energy analysis for each proposal. Such analysis shall include calculations of all embodied energy requirements used in the materials for initial construction of the facility over its projected useful lifetime. The analysis shall be expressed in a dimensionless unit as an energy profit ratio of energy generated by the facility to the calculated net energy expended in plant construction, maintenance and total fuel cycle energy requirements over the projected useful lifetime of the facility. The boundary for both the net energy calculations of the fuel cycle and materials for the facility construction and maintenance shall both be at the point of primary material extraction and include the energy consumed through the entire supply chain to final, but not be limited to, such subsequent steps as transportation, refinement and energy for delivery to the end consumer. The results of said net energy analysis shall be included in the results forwarded to the Connecticut Siting Council pursuant to subsection (f) of this section. For purposes of this subsection, "facility net energy" means the heat energy delivered by the facility contained in a fuel minus the life cycle energy used to produce the facility. "Fuel net energy" means the heat energy contained in a fuel minus the energy used to extract the fuel from the environment, refine it to a socially useful state and deliver it to consumers, and "embodied energy" means the total energy used to build and maintain a process, expressed in calorie equivalents of one type of energy.

Sec. 55. Subdivision (2) of subsection (a) of section 16-50l of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(2) On or after December 1, 2004, the filing of an application pursuant to subdivision (1) of this subsection shall initiate the request-

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for-proposal process, except for an application for a facility described in subdivision (4), (5) or (6) of subsection (a) of section 16-50i and except for a facility exempt from such requirement pursuant to subsection (b) of section 16a-7c, as amended by this act.

Sec. 56. Section 13a-126 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in this section, "public service facility" includes all privately, publicly or cooperatively owned lines, facilities and systems for producing, transmitting or distributing communications, cable television, power, electricity, light, heat, gas, oil, crude products, water, steam, waste, storm water not connected with highway drainage and any other similar commodities, including fire and police signal systems and street lighting systems which directly or indirectly serve the public. Whenever the commissioner determines that any public service facility located within, on, along, over or under any land comprising the right-of-way of a state highway or any other public highway when necessitated by the construction or reconstruction of a state highway shall be readjusted or relocated in or removed from such right-of-way, the commissioner shall issue an appropriate order to the company, corporation or municipality owning or operating such facility, and such company, corporation or municipality shall readjust, relocate or remove the same promptly in accordance with such order; provided an equitable share of the cost of such readjustment, relocation or removal, including the cost of installing and constructing a facility of equal capacity in a new location, shall be borne by the state, except that the state shall not bear any share of the cost of a project of an electric distribution company, as defined in section 16-1, as amended by this act, to readjust, relocate or remove any facility, as defined in subsection (a) of section 16-50i, used for transmitting electricity or as an electric transmission trunkline. The Department of Transportation shall evaluate the total costs of such a project, including

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department costs for construction or reconstruction and electric distribution company costs for readjusting, relocating or removing such facility, so as to minimize the overall costs incurred by the state and the electric distribution company. The electric distribution company may provide the department with proposed alternatives to the relocation, readjustment or removal proposed by the department and shall be responsible for any changes to project costs attributable to adoption of the company's proposed alternative designs for such project, including changes to the area of the relocation, readjustment or removal and any incremental costs incurred by the department to evaluate such alternatives. If such electric distribution company and the department cannot agree on a plan for such project, the Commissioner of Transportation and the chairperson of the Department of Public Utility Control shall, on request of the company, jointly determine the alternative for the project. Such equitable share, in the case of or in connection with the construction or reconstruction of any limited access highway, shall be the entire cost, less the deductions provided in this section, and, in the case of or in connection with the construction or reconstruction of any other state highway, shall be such portion or all of the entire cost, less the deductions provided in this section, as may be fair and just under all the circumstances, but shall not be less than fifty per cent of such cost after the deductions provided in this section. In establishing the equitable share of the cost to be borne by the state, there shall be deducted from the cost of the readjusted, relocated or removed facilities a sum based on a consideration of the value of materials salvaged from existing installations, the cost of the original installation, the life expectancy of the original facility and the unexpired term of such life use. When any facility is removed from the right-of-way of a public highway to a private right-of-way, the state shall not pay for such private right-of-way, provided, when a municipally-owned facility is thus removed from a municipally-owned highway, the state shall pay for the private right-of-way needed by the municipality for such relocation. If the

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commissioner and the company, corporation or municipality owning or operating such facility cannot agree upon the share of the cost to be borne by the state, either may apply to the superior court for the judicial district within which such highway is situated, or, if said court is not in session, to any judge thereof, for a determination of the cost to be borne by the state, and said court or such judge, after causing notice of the pendency of such application to be given to the other party, shall appoint a state referee to make such determination. Such referee, having given at least ten days' notice to the parties interested of the time and place of the hearing, shall hear both parties, shall view such highway, shall take such testimony as such referee deems material and shall thereupon determine the amount of the cost to be borne by the state and immediately report to the court. If the report is accepted by the court, such determination shall, subject to right of appeal as in civil actions, be conclusive upon both parties.

Sec. 57. Subsection (e) of section 16-2 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(e) To insure the highest standard of public utility regulation, on and after [July 1, 1997, at least three of the commissioners] October 1, 2007, any newly appointed commissioner of the authority shall have education or training and three or more years of experience in one or more of the following fields: Economics, engineering, law, accounting, finance, utility regulation, public or government administration, consumer advocacy, business management, and environmental management. On and after July 1, 1997, at least three of these fields shall be represented on the authority by individual commissioners at all times. Any time a commissioner is newly appointed, at least one of the commissioners shall have experience in utility customer advocacy.

Sec. 58. (*Effective July 1, 2007*) Not later than January 1, 2008, the Connecticut Energy Advisory Board shall conduct a study to develop

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recommendations on how to (1) coordinate and integrate the state's energy entities; (2) achieve the goals of (A) the Regional Greenhouse Gas Initiative, and (B) the state, with regard to the reduction of emissions of greenhouse gas, as provided by section 22a-200a of the general statutes; and (3) promote indigenous alternative fuel resources. The board shall submit a report containing its recommendations, including recommendations for legislation, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology not later than January 1, 2009.

Sec. 59. (*Effective from passage*) (a) Not later than July 1, 2007, the Connecticut Energy Advisory Board shall conduct a study on the efficacy, innovativeness and customer focus on electric conservation programs. The board shall hold a public hearing on such matters. In the study, the board shall investigate the options of (1) selecting a state-wide provider of conservation programs through a competitive process, which shall be open to electric distribution companies, the Connecticut Municipal Electrical Energy Cooperative and other entities; (2) retaining the current delivery system for conservation programs; and (3) having a nonprofit organization provide the conservation programs.

(b) The board shall submit a report containing its findings to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology not later than February 1, 2008.

Sec. 60. (*Effective October 1, 2007*) Not later than January 1, 2009, the Department of Public Utility Control shall initiate an uncontested proceeding to examine (1) the efficacy and rate impact of last resort service provided pursuant to subsection (e) of section 16-244c of the general statutes, as amended by this act, including, but not limited to, the service's effect on the ability of this service to meet the needs of commercial and industrial customers and the development of a

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competitive electric supply marketplace with competitive suppliers and products, and (2) the efficacy and rate impact of standard service pursuant to subsection (c) of section 16-244c of the general statutes, as amended by this act, including, but not limited to, the service's success in meeting performance with respect to the standards set forth in section 16-244c of the general statutes, as amended by this act.

Sec. 61. (NEW) (*Effective July 1, 2007*) (a) On or before September 1, 2007, the Department of Education, in consultation with the Department of Public Utility Control, the state's electric distribution companies and interested manufacturers of compact fluorescent light bulbs, shall (1) establish a week-long promotional event, to be known as "See the Light Week", in late September or early October each year, that will promote renewable energy and energy conservation, (2) encourage and solicit school districts, individual schools and other educational institutions under the jurisdiction of the Department of Education to participate in a state-wide compact fluorescent light bulbs fundraiser established pursuant to subsection (b) of this section, and (3) provide outreach, guidance and training to districts, parent and teacher organizations and schools concerning the value of renewable energy.

(b) (1) The Department of Education and the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act, shall develop and implement a state-wide fundraiser for all public schools, in which students would sell compact fluorescent light bulbs. The participating schools would retain a portion of each sale.

(2) The Department of Education shall establish a sales target for the state-wide fundraiser developed pursuant to subdivision (1) of this subsection.

Sec. 62. Subsection (a) of section 16-50k of the general statutes is

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repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(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 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] Certificates shall not be required for (1) fuel cells built within the state with a generating capacity of two hundred fifty kilowatts or less, or (2) fuel cells built out of state 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)] (A) 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, 2004, [(2)] (B) 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, as long as such project meets air and water quality standards of the Department of Environmental Protection, and [(3)] (C) the siting of temporary generation solicited by the Department of Public Utility Control pursuant to section 16-19ss, as amended by this

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act.

Sec. 63. Subdivision (6) of subsection (a) of section 16-244e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(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 this section, [and] section 16-243m, as amended by this act, and sections 50, 52, 83 and 117 of this act.

Sec. 64. Subsection (d) of section 16-19ss of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(d) Nothing in this section shall be construed to allow an electric 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 [and] section 16-243m, as amended by this act, and sections 50, 52, 83 and 117 of this act.

Sec. 65. Section 1 of public act 05-2 of the October 25 special session is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

Notwithstanding the provisions of sections 4-28b and 16a-41a of the

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general statutes, the Commissioner of Social Services shall [amend the adopted] adopt a low income home energy assistance program block grant allocation plan for the [purpose of modifying the 2005/2006] 2007/2008 Connecticut energy assistance program state plan in the following manner: (1) To increase the basic benefit provided to all eligible households, including eligible households whose heat is included in their rent, over the benefit provided for the 2005/2006 plan, prior to the amendment of said plan, by two hundred dollars, (2) to fund, for the fiscal year ending June 30, 2008, the contingency heating assistance program under the Connecticut energy assistance program to provide a three hundred dollar basic benefit to eligible households, as defined in the Connecticut energy assistance program state plan, whose gross annual income is not more than sixty per cent of the median state income by household size, and an additional two hundred dollar crisis assistance benefit for such households who have exhausted their basic benefit and are unable to secure primary heat, causing a life threatening situation, (3) to increase the number of households weatherized pursuant to the Connecticut energy assistance program, and (4) to increase the number of households receiving home heating equipment tune-ups and home energy efficiency measures pursuant to the home energy assistance and reimbursements for tune-ups on heating equipment grant program as administered pursuant to subsection (c) of section 2 of [this act] public act 05-2 of the October 25 special session, as amended by section 1 of public act 05-4 of the October 25 special session.

Sec. 66. Section 16a-41a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) The Commissioner of Social Services shall submit to the joint standing committees of the General Assembly having cognizance of energy planning and activities, appropriations, and human services the following on the implementation of the block grant program

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authorized under the Low-Income Home Energy Assistance Act of 1981, as amended:

(1) Not later than August first, annually, a Connecticut energy assistance program annual plan which establishes guidelines for the use of funds authorized under the Low-Income Home Energy Assistance Act of 1981, as amended, and includes the following:

(A) Criteria for determining which households are to receive emergency and weatherization assistance;

(B) A description of systems used to ensure referrals to other energy assistance programs and the taking of simultaneous applications, as required under section 16a-41;

(C) A description of outreach efforts;

(D) Estimates of the total number of households eligible for assistance under the program and the number of households in which one or more elderly or physically disabled individuals eligible for assistance reside; and

(E) Design of a basic grant for eligible households that does not discriminate against such households based on the type of energy used for heating;

(2) Not later than January thirtieth, annually, a report covering the preceding months of the program year, including:

(A) In each community action agency geographic area and Department of Social Services region, the number of fuel assistance applications filed, approved and denied, the number of emergency assistance requests made, approved and denied and the number of households provided weatherization assistance;

(B) In each such area and district, the total amount of fuel,

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emergency and weatherization assistance, itemized by such type of assistance, and total expenditures to date; and

(C) For each state-wide office of each state agency administering the program, each community action agency and each Department of Social Services region, administrative expenses under the program, by line item, and an estimate of outreach expenditures; and

(3) Not later than November first, annually, a report covering the preceding twelve calendar months, including:

(A) In each community action agency geographic area and Department of Social Services region, (i) seasonal totals for the categories of data submitted under subdivision (1) of this subsection, (ii) the number of households receiving fuel assistance in which elderly or physically disabled individuals reside, and (iii) the average combined benefit level of fuel, emergency and renter assistance;

(B) Types of weatherization assistance provided;

(C) Percentage of weatherization assistance provided to tenants;

(D) The number of homeowners and tenants whose heat or total energy costs are not included in their rent receiving fuel and emergency assistance under the program by benefit level;

(E) The number of homeowners and tenants whose heat is included in their rent and who are receiving assistance, by benefit level; and

(F) The number of households receiving assistance, by energy type and total expenditures for each energy type.

(b) The Commissioner of Social Services shall implement a program to purchase [number two home heating oil at a reduced rate for low-income households participating in the Connecticut energy assistance program and the state-appropriated fuel assistance program. Each

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agency administering a fuel assistance program shall submit reports, as requested by the commissioner, concerning pricing information from vendors of number two home heating oil participating in the program. Such information shall include, but not be limited to, a vendor's regular retail price per gallon of number two home heating oil, the reduced price per gallon paid by the state for the heating oil, the number of gallons delivered to the state under the program and the total savings under the program due to the purchase of number two home heating oil at a reduced rate] deliverable fuel for low-income households participating in the Connecticut energy assistance program and the state-appropriated fuel assistance program. The commissioner shall ensure that all fuel assistance recipients are treated the same as any other similarly situated customer and that no fuel vendor discriminates against fuel assistance program recipients who are under the vendor's standard payment, delivery, service or other similar plans. The commissioner shall take advantage of programs offered by fuel vendors that reduce the cost of the fuel purchased, including, but not limited to, fixed price, capped price, prepurchase or summer-fill programs that reduce program cost and that make the maximum use of program revenues. The commissioner shall ensure that all agencies administering the fuel assistance program shall make payments to program fuel vendors in advance of the delivery of energy where vendor provided price-management strategies require payments in advance.

(c) Each community action agency administering a fuel assistance program shall submit reports, as requested by the Commissioner of Social Services, concerning pricing information from vendors of deliverable fuel participating in the program. Such information shall include, but not be limited to, the state-wide or regional retail price per unit of deliverable fuel, the reduced price per unit paid by the state for the deliverable fuel in utilizing price management strategies offered by program vendors for all consumers, the number of units delivered to

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the state under the program and the total savings under the program due to the purchase of deliverable fuel utilizing price-management strategies offered by program vendors for all consumers.

(d) Each community action agency administering a fuel assistance program shall begin accepting applications for the program not later than September first of each year.

Sec. 67. Section 16-262c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) Notwithstanding any other provision of the general statutes no electric, electric distribution, gas, telephone or water company, no electric supplier or certified telecommunications provider, and no municipal utility furnishing electric, gas, telephone or water service shall cause cessation of any such service by reason of delinquency in payment for such service (1) on any Friday, Saturday, Sunday, legal holiday or day before any legal holiday, provided such a company, electric supplier, certified telecommunications provider or municipal utility may cause cessation of such service to a nonresidential account on a Friday which is not a legal holiday or the day before a legal holiday when the business offices of the company, electric supplier, certified telecommunications provider or municipal utility are open to the public the succeeding Saturday, (2) at any time during which the business offices of said company, electric supplier, certified telecommunications provider or municipal utility are not open to the public, or (3) within one hour before the closing of the business offices of said company, electric supplier or municipal utility.

(b) (1) From November first to [April fifteenth] May first, inclusive, no electric or electric distribution company, as defined in section 16-1, as amended by this act, no electric supplier and no municipal utility furnishing electricity shall terminate or refuse to reinstate residential electric service in hardship cases where the customer lacks the

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financial resources to pay his or her entire account. From November first to [April fifteenth] May first, inclusive, no gas company and no municipal utility furnishing gas shall terminate or refuse to reinstate residential gas service in hardship cases where the customer uses such gas for heat and lacks the financial resources to pay his or her entire account, except a gas company that, between [April sixteenth] May second and October thirty-first, terminated gas service to a residential customer who uses gas for heat and who, during the previous period of November first to [April fifteenth] May first, had gas service maintained because of hardship status, may refuse to reinstate the gas service from November first to [April fifteenth] May first, inclusive, only if the customer has failed to pay, since the preceding November first, the lesser of: (A) Twenty per cent of the outstanding principal balance owed the gas company as of the date of termination, (B) one hundred dollars, or (C) the minimum payments due under the customer's amortization agreement. Notwithstanding any other provision of the general statutes to the contrary, no electric, electric distribution or gas company, no electric supplier and no municipal utility furnishing electricity or gas shall terminate or refuse to reinstate residential electric or gas service where the customer lacks the financial resources to pay his or her entire account and for which customer or a member of the customer's household the termination or failure to reinstate such service would create a life-threatening situation.

(2) During any period in which a residential customer is subject to termination, an electric, electric distribution or gas company, an electric supplier or a municipal utility furnishing electricity or gas shall provide such residential customer whose account is delinquent an opportunity to enter into a reasonable amortization agreement with such company, electric supplier or utility to pay such delinquent account and to avoid termination of service. Such amortization agreement shall allow such customer adequate opportunity to apply for and receive the benefits of any available energy assistance

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program. An amortization agreement shall be subject to amendment on customer request if there is a change in the customer's financial circumstances.

(3) As used in this section, (A) "household income" means the combined income over a twelve-month period of the customer and all adults, except children of the customer, who are and have been members of the household for six months or more, and (B) "hardship case" includes, but is not limited to: (i) A customer receiving local, state or federal public assistance; (ii) a customer whose sole source of financial support is Social Security, Veterans' Administration or unemployment compensation benefits; (iii) a customer who is head of the household and is unemployed, and the household income is less than three hundred per cent of the poverty level determined by the federal government; (iv) a customer who is seriously ill or who has a household member who is seriously ill; (v) a customer whose income falls below one hundred twenty-five per cent of the poverty level determined by the federal government; and (vi) a customer whose circumstances threaten a deprivation of food and the necessities of life for himself or dependent children if payment of a delinquent bill is required.

(4) In order for a residential customer of a gas or electric distribution company using gas or electricity for heat to be eligible to have any moneys due and owing deducted from the customer's delinquent account pursuant to this subdivision, the company furnishing gas or electricity shall require that the customer (A) apply and be eligible for benefits available under the Connecticut energy assistance program or state appropriated fuel assistance program; (B) authorize the company to send a copy of the customer's monthly bill directly to any energy assistance agency for payment; (C) enter into and comply with an amortization agreement, which agreement is consistent with decisions and policies of the Department of Public Utility Control. Such an

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amortization agreement shall reduce a customer's payment by the amount of the benefits reasonably anticipated from the Connecticut energy assistance program, state appropriated fuel assistance program or other energy assistance sources. Unless the customer requests otherwise, the company shall budget a customer's payments over a twelve-month period with an affordable increment to be applied to any arrearage, provided such payment plan will not result in loss of any energy assistance benefits to the customer. If a customer authorizes the company to send a copy of his monthly bill directly to any energy assistance agency for payment, the energy assistance agency shall make payments directly to the company. If, on April thirtieth, a customer has been in compliance with the requirements of subparagraphs (A) to (C), inclusive, of this subdivision, during the period starting on the preceding November first, or from such time as the customer's account becomes delinquent, the company shall deduct from such customer's delinquent account an additional amount equal to the amount of money paid by the customer between the preceding November first and April thirtieth and paid on behalf of the customer through the Connecticut energy assistance program and state appropriated fuel assistance program. Any customer in compliance with the requirements of subparagraphs (A) to (C), inclusive, of this subdivision, on April thirtieth who continues to comply with an amortization agreement through the succeeding October thirty-first, shall also have an amount equal to the amount paid pursuant to such agreement and any amount paid on behalf of such customer between May first and the succeeding October thirty-first deducted from the customer's delinquent account. In no event shall the deduction of any amounts pursuant to this subdivision result in a credit balance to the customer's account. No customer shall be denied the benefits of this subdivision due to an error by the company. The Department of Public Utility Control shall allow the amounts deducted from the customer's account pursuant to the implementation plan, described in subdivision (5) of this subsection, to be recovered by the company in its rates as an

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operating expense, pursuant to said implementation plan. If the customer fails to comply with the terms of the amortization agreement or any decision of the department rendered in lieu of such agreement and the requirements of subparagraphs (A) to (C), inclusive, of this subdivision, the company may terminate service to the customer, pursuant to all applicable regulations, provided such termination shall not occur between November first and [~~April fifteenth~~] May first.

(5) Each gas and electric distribution company shall submit to the Department of Public Utility Control annually, on or before July first, an implementation plan which shall include information concerning amortization agreements, counseling, reinstatement of eligibility, rate impacts and any other information deemed relevant by the department. The Department of Public Utility Control may, in consultation with the Office of Policy and Management, approve or modify such plan within ninety days of receipt of the plan. If the department does not take any action on such plan within ninety days of its receipt, the plan shall automatically take effect at the end of the ninety-day period, provided the department may extend such period for an additional thirty days by notifying the company before the end of the ninety-day period. Any amount recovered by a company in its rates pursuant to this subsection shall not include any amount approved by the Department of Public Utility Control as an uncollectible expense. The department may deny all or part of the recovery required by this subsection if it determines that the company seeking recovery has been imprudent, inefficient or acting in violation of statutes or regulations regarding amortization agreements.

(6) On or after January 1, 1993, the Department of Public Utility Control may require gas companies to expand the provisions of subdivisions (4) and (5) of this subsection to all hardship customers. Any such requirement shall not be effective until November 1, 1993.

(7) (A) All electric, electric distribution and gas companies, electric

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suppliers and municipal utilities furnishing electricity or gas shall collaborate in developing, subject to approval by the Department of Public Utility Control, standard provisions for the notice of delinquency and impending termination under subsection (a) of section 16-262d. Each such company and utility shall place on the front of such notice a provision that the company, electric supplier or utility shall not effect termination of service to a residential dwelling for nonpayment of disputed bills during the pendency of any complaint. In addition, the notice shall state that the customer must pay current and undisputed bill amounts during the pendency of the complaint. (B) At the beginning of any discussion with a customer concerning a reasonable amortization agreement, any such company or utility shall inform the customer (i) of the availability of a process for resolving disputes over what constitutes a reasonable amortization agreement, (ii) that the company, electric supplier or utility will refer such a dispute to one of its review officers as the first step in attempting to resolve the dispute, and (iii) that the company, electric supplier or utility shall not effect termination of service to a residential dwelling for nonpayment of a delinquent account during the pendency of any complaint, investigation, hearing or appeal initiated by the customer, unless the customer fails to pay undisputed bills, or undisputed portions of bills, for service received during such period. (C) Each such company, electric supplier and utility shall inform and counsel all customers who are hardship cases as to the availability of all public and private energy conservation programs, including programs sponsored or subsidized by such companies and utilities, eligibility criteria, where to apply, and the circumstances under which such programs are available without cost.

(8) The Department of Public Utility Control shall adopt regulations in accordance with chapter 54 to carry out the provisions of this subsection. Such regulations shall include, but not be limited to, criteria for determining hardship cases and for reasonable

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amortization agreements, including appeal of such agreements, for categories of customers. Such regulations may include the establishment of a reasonable rate of interest which a company may charge on the unpaid balance of a customer's delinquent bill and a description of the relationship and responsibilities of electric suppliers to customers.

(c) Each electric, electric distribution and gas company, electric supplier and municipal utility shall, not later than December first, annually, submit a report to the department and the General Assembly indicating (1) the number of customers in each of the following categories and the total delinquent balances for such customers as of the preceding [April fifteenth] May first: (A) Customers who are hardship cases and (i) who made arrangements for reasonable amortization agreements, (ii) who did not make such arrangements, and (B) customers who are nonhardship cases and who made arrangements for reasonable amortization, (2) (A) the number of heating customers receiving energy assistance during the preceding heating season and the total amount of such assistance, and (B) the total balance of the accounts of such customers after all energy assistance is applied to the accounts, (3) the number of hardship cases reinstated between November first of the preceding year and [April fifteenth] May first of the same year, the number of hardship cases terminated between [April fifteenth] May first of the same year and November first and the number of hardship cases reinstated during each month from [April] May to November, inclusive, of the same year, (4) the number of reasonable amortization agreements executed and the number breached during the same year by (A) hardship cases, and (B) nonhardship cases, and (5) the number of accounts of (A) hardship cases, and (B) nonhardship cases for which part or all of the outstanding balance is written off as uncollectible during the preceding year and the total amount of such uncollectibles.

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(d) Nothing in this section shall (1) prohibit a public service company, electric supplier or municipal utility from terminating residential utility service upon request of the customer or in accordance with section 16-262d upon default by the customer on an amortization agreement or collecting delinquent accounts through legal processes, including the processes authorized by section 16-262f, or (2) relieve such company, electric supplier or municipal utility of its responsibilities set forth in sections 16-262d and 16-262e to occupants of residential dwellings or, with respect to a public service company or electric supplier, the responsibilities set forth in section 19a-109.

(e) No provision of the Freedom of Information Act, as defined in section 1-200, shall be construed to require or permit a municipal utility furnishing electric, gas or water service, a municipality furnishing water or sewer service, a district established by special act or pursuant to chapter 105 and furnishing water or sewer service or a regional authority established by special act to furnish water or sewer service to disclose records under the Freedom of Information Act, as defined in section 1-200, which identify or could lead to identification of the utility usage or billing information of individual customers, to the extent such disclosure would constitute an invasion of privacy.

(f) If an electric supplier suffers a loss of revenue by operation of this section, the supplier may make a claim for such revenue to the department. The electric distribution company shall reimburse the electric supplier for such losses found to be reasonable by the department at the lower of (1) the price of the contract between the supplier and the customer, or (2) the electric distribution company's price to customers for default service, as determined by the department. The electric distribution company may recover such reimbursement, along with transaction costs, through the systems benefits charge.

Sec. 68. Section 12-412 of the general statutes is amended by adding

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subdivisions (117) and (118) as follows (*Effective July 1, 2007, and applicable to sales occurring on or after July 1, 2007*):

(NEW) (117) Sales and use of solar energy electricity generating systems and passive or active solar water or space heating systems and geothermal resource systems, including equipment related to such systems, and sales of services relating to the installation of such systems.

(NEW) (118) Sales and use of ice storage systems used for cooling, including equipment related to such systems, and sales of services relating to the installation of such systems by a utility ratepayer who is billed by such utility on a time-of-service metering basis.

Sec. 69. Section 12-412k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective June 1, 2007*):

(a) For purposes of this section, "residential weatherization products" means programmable thermostats, window film, caulking, window and door weather strips, insulation, water heater blankets, water heaters, natural gas and propane furnaces and boilers that meet the federal Energy Star standard, windows and doors that meet the federal Energy Star standard, oil furnaces and boilers that are not less than [eighty-five] eighty-four per cent efficient and [ground-based] ground-source heat pumps that meet the minimum federal energy efficiency rating.

(b) Notwithstanding the provisions of the general statutes, [from November 25, 2005, to April 1, 2006, and from June 1, 2006, to June 30, 2007,] the provisions of this chapter shall not apply to sales of any residential weatherization products or compact fluorescent light bulbs.

Sec. 70. (NEW) (*Effective from passage*) Notwithstanding the provisions of the general statutes, from the effective date of this section to June 30, 2008, the provisions of chapter 219 of the general statutes

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shall not apply to sales of any household appliance that meets the federal Energy Star standard.

Sec. 71. Section 16-245a of the general statutes is amended by adding subsection (g) as follows (*Effective from passage*):

(NEW) (g) (1) Notwithstanding the provisions of this section and section 16-244c, as amended by this act, for periods beginning on and after January 1, 2008, each electric distribution company may procure renewable energy certificates from Class I, Class II and Class III renewable energy sources through long-term contracting mechanisms. The electric distribution companies may enter into long-term contracts for not more than fifteen years to procure such renewable energy certificates. The electric distribution companies shall use any renewable energy certificates obtained pursuant to this section to meet their standard service and supplier of last resort renewable portfolio standard requirements.

(2) On or before July 1, 2007, the department shall initiate a contested case proceeding to examine whether long-term contracts should be used to procure Class I, Class II and Class III certificates. In such examination, the department shall determine (A) the impact of such contracts on price stability, fuel diversity and cost; (B) the method and timing of crediting of the procurement of renewable energy certificates against the renewable portfolio standard purchase obligations of electric suppliers and the electric distribution companies pursuant to subsection (a) of this section; (C) the terms and conditions, including reasonable performance assurance commitments, that may be imposed on entities seeking to supply renewable energy certificates; (D) the level of one-time compensation, not to exceed one mill per kilowatt hour of output and services associated with the renewable energy certificates purchased pursuant to this subsection, which may be payable to the electric distribution companies for administering the procurement provided for under this subsection and recovered as part

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of the generation services charge or through an appropriate nonbypassable rate component on customers' bills; (E) the manner in which costs for such program may be recovered from electric distribution company customers; and (F) any other issues the department deems appropriate. Revenues from such compensation shall not be included in calculating the electric distribution companies' earnings to determine if rates are just and reasonable, for earnings sharing mechanisms or for purposes of sections 16-19, 16-19a and 16-19e, as amended by this act.

Sec. 72. Section 12-635 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

The Commissioner of Revenue Services shall grant a credit against any tax due under the provisions of chapter 207, 208, 209, 210, 211 or 212 (1) in an amount not to exceed [sixty] one hundred per cent of the total cash amount invested during the taxable year by the business firm in programs operated or created pursuant to proposals approved pursuant to section 12-632 for energy conservation projects directed toward properties occupied by persons, at least seventy-five per cent of whom are at an income level not exceeding one hundred fifty per cent of the poverty level for the year next preceding the year during which such tax credit is to be granted; [or] (2) in an amount equal to one hundred per cent of the total cash amount invested during the taxable year by the business firm in programs operated or created pursuant to proposals approved pursuant to section 12-632 for energy conservation projects at properties owned or occupied by charitable corporations, foundations, trusts or other entities as determined under regulations adopted pursuant to this chapter; or (3) in an amount not to exceed sixty per cent of the total cash amount invested during the taxable year by the business firm in employment and training programs directed at youths, at least seventy-five per cent of whom are at an income level not exceeding one hundred fifty per cent of the

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poverty level for the year next preceding the year during which such tax credit is to be granted; in employment and training programs directed at handicapped persons as determined under regulations adopted pursuant to this chapter; in employment and training programs for unemployed workers who are fifty years of age or older; in education and employment training programs for recipients in the temporary family assistance program; or in child care services. Any other program which serves persons at least seventy-five per cent of whom are at an income level not exceeding one hundred fifty per cent of the poverty level for the year next preceding the year during which such tax credit is to be granted and which meets the standards for eligibility under this chapter shall be eligible for tax credit under this section.

Sec. 73. (NEW) (*Effective July 1, 2007*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate thirty million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Department of Public Works for the purpose of funding the net project costs, or the balance of any projects after applying any public or private financial incentives available, for any energy services project that results in increased efficiency measures in state buildings pursuant to section 101 of this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized

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may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 74. Section 10a-180 of the general statutes is amended by adding subsection (w) as follows (*Effective October 1, 2007*):

(NEW) (w) To make grants or provide other forms of financial assistance to any institution of higher education, to any health care institution, to any nursing home, to any child care or child development facility and to any qualified nonprofit organization in such amounts, for energy efficient construction or renovation projects or renewable energy construction or renovation projects subject to such eligibility and other requirements the board of directors establishes pursuant to written procedures adopted by the board pursuant to subsection (h) of section 10a-179.

Sec. 75. Section 5 of public act 05-2 of the October 25 special session is repealed and the following is substituted in lieu thereof (*Effective*

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from passage):

Notwithstanding the provisions of section 16a-40b of the general statutes, as amended by section 5 of public act 05-191, for the fiscal year ending June 30, [2006] 2008, the range of rates of interest payable on all loans pursuant to subsection (b) of said section 16a-40b for purchases set forth in subsection (a) of said section 16a-40b, except for goods or services relating to [aluminum or vinyl siding,] replacement central air conditioning, [replacement roofs,] heat pumps or solar systems and passive solar additions, shall be not less than zero per cent for any applicant in the lowest income class and not more than three per cent for any applicant for whom the adjusted gross income of the household member or members who contribute to the support of the household was at least one hundred fifteen per cent of the median area income by household size.

Sec. 76. Section 16a-2 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in this chapter and sections 16a-45a, 16a-46, 16a-46a and 16a-46b:

- (a) "Office" means the Office of Policy and Management;
- (b) "Board" means the Connecticut Energy Advisory Board;
- (c) "Secretary" means the Secretary of the Office of Policy and Management;
- (d) "Energy" means work or heat that is, or may be, produced from any fuel or source whatsoever;
- (e) "Energy emergency" means a situation where the health, safety or welfare of the citizens of the state is threatened by an actual or impending acute shortage in usable energy resources;

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(f) "Energy resource" means natural gas, petroleum products, coal and coal products, wood fuels, geothermal sources, radioactive materials and any other resource yielding energy;

(g) "Person" means any individual, firm, partnership, association, syndicate, company, trust, corporation, limited liability company, municipality, agency or political or administrative subdivision of the state, or other legal entity of any kind;

(h) "Service area" means any geographic area serviced by the same energy-producing public service company, as defined in section 16-1, as amended by this act;

(i) "Renewable resource" means solar, wind, water, wood or other biomass source of energy and geothermal energy;

(j) "Energy-related products" means (1) energy systems and equipment that utilize renewable resources to provide space heating or cooling, water heating, electricity or other useful energy, (2) insulation materials, and (3) equipment designed to conserve energy or increase the efficiency of its use, including that used for residential, commercial, industrial and transportation purposes;

(k) "Energy-related services" means (1) the design, construction, installation, inspection, maintenance, adjustment or repair of energy-related products, (2) inspection, adjustment, maintenance or repair of any conventional energy system, (3) the performance of energy audits or the provision of energy management consulting services, and (4) weatherization activities carried out under any federal, state or municipal program;

(l) "Conventional energy system" means any system for supplying space heating or cooling, ventilation or domestic or commercial hot water which is not included in subdivision (1) of subsection (j) of this section; [and]

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(m) "Energy supply" means any energy resource capable of being used to perform useful work and any form of energy such as electricity produced or derived from energy resources which may be so used; and

(n) "Energy facility" means a structure that generates, transmits or stores electricity, natural gas, refined petroleum products, renewable fuels, coal and coal products, wood fuels, geothermal sources, radioactive material and other resources yielding energy.

Sec. 77. Section 16a-7b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Not later than December 1, 2004, the Connecticut Energy Advisory Board shall develop infrastructure criteria guidelines for the evaluation process under subsection (f) of section 16a-7c, which guidelines shall be consistent with state environmental policy, state economic development policy, the state's policy regarding the restructuring of the electric industry, as set forth in section 16-244, and the findings in the comprehensive energy plan prepared pursuant to section 16a-7a, and shall include, but not be limited to, the following: (1) Environmental preference standards; (2) efficiency standards, including, but not limited to, efficiency standards for transmission, generation and demand-side management; (3) generation preference standards; (4) electric capacity, use trends and forecasted resource needs; (5) natural gas capacity, use trends and forecasted resource needs; and (6) national and regional reliability criteria applicable to the regional bulk power grid, as determined in consultation with the regional independent system operator, as defined in section 16-1, as amended by this act. In developing environmental preference standards, the board shall consider the recommendations and findings of the task force established pursuant to section 25-157a and Executive Order Number 26 of Governor John G. Rowland.

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(b) No municipality other than a municipality operating a plant pursuant to chapter 101 or any special act and acting for purposes thereto may take an action to condemn, in whole or in part, or restrict the operation of any existing and currently operating energy facility, if such facility is first determined by the Department of Public Utility Control, following a contested case proceeding, held in accordance with the provisions of chapter 54, to comprise a critical, unique and unmovable component of the state's energy infrastructure, unless the municipality first receives written approval from the department, the Office of Policy and Management, the Connecticut Energy Advisory Board and the Connecticut Siting Council that such taking would not have a detrimental impact on the state's or region's ability to provide a particular energy resource to its citizens.

Sec. 78. Section 29-256a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

[The] (a) On and after January 1, 2008, the State Building Inspector and the Codes and Standards Committee shall revise the State Building Code to require that buildings and building elements, including residential, be designed to provide optimum cost-effective energy efficiency over the useful life of the building. Such revision shall meet the American Society of Heating, Refrigerating and Air Conditioning Engineers Standard 90.1 for new construction.

(b) Notwithstanding subsection (a) of this section, the State Building Inspector and the Codes and Standards Committee shall revise the State Building Code to require that any (1) building, except a residential building with no more than four units, constructed after January 1, 2009, that is projected to cost not less than five million dollars, and (2) renovation to any building, except a residential building with no more than four units, started after January 1, 2010, that is projected to cost not less than two million dollars shall be built or renovated using building construction standards consistent with or

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exceeding the silver building rating of the Leadership in Energy and Environmental Design's rating system for new commercial construction and major renovation projects, as established by the United States Green Building Council, or an equivalent standard, including, but not limited to, a two-globe rating in the Green Globes USA design program. The inspector and the committee shall provide for an exemption for any building if the Institute for Sustainable Energy finds, in a written analysis, that the cost of such compliance significantly outweighs the benefits.

Sec. 79. Subsection (a) of section 16-245e of the general statutes is amended by adding subdivisions (14) to (18), inclusive, as follows (*Effective from passage*):

(NEW) (14) "State rate reduction bonds" means the rate reduction bonds issued on June 23, 2004, by the state to sustain funding of conservation and load management and renewable energy investment programs by substituting for disbursements to the General Fund from the Energy Conservation and Load Management Fund, established by section 16-245m, as amended by this act, and from the Renewable Energy Investment Fund, established by section 16-245n, as amended by this act. The state rate reduction bonds for the purposes of section 4-30a shall be deemed to be outstanding indebtedness of the state;

(NEW) (15) "Operating expenses" in connection with the state rate reduction bonds, means (A) all expenses, costs and liabilities of the state or the trustee incurred in connection with the administration or payment of the state rate reduction bonds or in discharge of its obligations and duties under the state rate reduction bonds or bond documents, expenses and other costs and expenses arising in connection with the state rate reduction bonds or pursuant to the financing order providing for the issuance of such bonds including any arbitrage rebate and penalties payable under the code in connection with such bonds, and (B) all fees and expenses payable or disburseable

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to the servicers or others under the bond documents;

(NEW) (16) "Bond documents" means, in connection with the state rate reduction bonds, the following documents: The servicing agreements, the tax compliance agreement and certificate, and the continuing disclosure agreement entered into in connection with the state rate reduction bonds and the indenture;

(NEW) (17) "Indenture" means, in connection with the state rate reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and between the state and the trustee, as amended from time to time; and

(NEW) (18) "Trustee" means in connection with the state rate reduction bonds the trustee appointed under the indenture.

Sec. 80. Subsection (b) of section 16a-40b of the general statutes, as amended by section 1 of public act 07-64, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) [Except as provided under subsection (c) of this section, any] Any such loan or deferred loan shall be available only for a residential structure containing not more than four dwelling units, shall be not less than four hundred dollars and not more than [fifteen] twenty-five thousand dollars per structure and, with respect to any application received on or after November 29, 1979, shall be made only to an applicant who submits evidence, satisfactory to the commissioner, that the adjusted gross income of the household member or members who contribute to the support of his household was not in excess of one hundred fifty per cent of the median area income by household size. In the case of a deferred loan, the contract shall require that payments on interest are due immediately but that payments on principal may be made at a later time. Repayment of all loans made under this subsection shall be subject to a rate of interest to be determined in accordance with subsection (t) of section 3-20 and such terms and

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conditions as the commissioner may establish. The State Bond Commission shall establish a range of rates of interest payable on all loans under this subsection and shall apply the range to applicants in accordance with a formula which reflects their income. Such range shall be not less than zero per cent for any applicant in the lowest income class and not more than one per cent above the rate of interest borne by the general obligation bonds of the state last issued prior to the most recent date such range was established for any applicant for whom the adjusted gross income of the household member or members who contribute to the support of his household does not exceed one hundred fifty per cent of the median area income by household size.

Sec. 81. (*Effective from passage*) During the calendar year 2007, Operation Fuel, Incorporated, shall establish a one-time clean-slate program to target low-income persons with high utility bill arrearages. Said program shall constitute a one-time grant based on the recipient's income and arrearage amount. Grants shall only apply to arrearages no more than twenty-four months old and shall not exceed one thousand dollars. Said program shall also incorporate case management services, including, but not limited to, budget counseling and assistance with utility payment programs.

Sec. 82. Subsection (a) of section 16a-41h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) Each electric [and] distribution company, gas company [, as defined in section 16-1, having at least seventy-five thousand customers] and municipal utility furnishing electric or gas service, shall include in its monthly bills a request to each customer to add a [one-dollar] donation in an amount designated by the customer to the bill payment. Such company shall provide to all of its customers the opportunity to donate one dollar, two dollars, three dollars or another

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amount on each bill provided to a customer either through the mail or electronically. Such designation shall be made available and included where customers are either electronically billed or bill payment is handled electronically. The opportunity to donate one dollar, two dollars, three dollars or another amount shall be included on the bill in such a way that facilitates such donations.

(2) Operation Fuel, Incorporated, shall provide fundraising inserts and remittance envelopes to retail dealers of fuel oil that volunteer to include the inserts and envelopes in their customers' bills for one or more billing cycles each year. Such retail dealers of fuel oil shall inform Operation Fuel, Incorporated, as to the number of inserts and envelopes needed to conduct such a mailing.

(3) Each electric, gas or fuel oil company shall transmit all such donations received each month, as well as their own contributions, if any, to Operation Fuel, [Inc.] Incorporated, a state-wide nonprofit organization designed to respond to people within the state who are in financial crisis and need emergency energy assistance. [Donations] Operation Fuel, Incorporated shall [be distributed] distribute donations to nonprofit social services agencies and private fuel banks in accordance with guidelines established by the board of directors of Operation Fuel, [Inc.] Incorporated, provided such funds shall be distributed on a priority basis to low-income elderly and working poor households [which] that are not eligible for public assistance or state-administered general assistance but are faced with a financial crisis and are unable to make timely payments on winter fuel, electricity or gas bills. Such companies shall coordinate their promotions of this program, holding promotions during the same month and using similar formats.

Sec. 83. (NEW) (*Effective from passage*) If any existing electric generation plant within the state is offered for sale, the Department of Public Utility Control shall authorize the electric distribution

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companies to purchase and operate such plants if the department, through a contested case proceeding, determines that such purchase and operation is in the public interest, provided any acquisition plan shall include provisions for payment of property taxes on the value of the purchased plant and provisions for employee protections consistent with subdivision (3) of subsection (b) of section 16-244f of the general statutes. An electric distribution company purchasing such generation plants shall be entitled to recover the costs of such purchase in an annual retail generation rate contested case consistent with the principles set forth in sections 16-19, 16-19b and 16-19e of the general statutes, as amended by this act, provided the return on equity associated with such purchase and operation shall be established in said contested case proceeding and updated at least once every four years. The department shall review and approve the cost recovery provisions in the proceeding to determine that such purchase and operation are in the public interest.

Sec. 84. (*Effective from passage*) On or before July 1, 2007, the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, shall contract with an independent, third party to conduct an assessment of Connecticut's conservation and energy efficiency potential, including conservation, demand response and load management. Such assessment shall be considered an update to a similar assessment conducted by a third party in 2004. Not later than February 1, 2008, the board shall present the results of such assessment and its recommendations for cost-effective methods or mechanisms to fund new or expanded energy efficiency initiatives to address the energy efficiency potential determined in the assessment to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 85. Section 16-243n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(a) Not later than October 1, 2005, each electric distribution company, as defined in section 16-1, 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 time-of-use rates for customers that have a maximum demand of not less than three hundred fifty kilowatts that may include, but not be limited to, 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, 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] their respective time-of-use 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, as amended by this act.

(g) The department shall conduct a contested case, in accordance with chapter 54, 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. 86. (NEW) (*Effective from passage*) Sixty days after the Department of Public Utility Control issues a final decision approving long-term contracts pursuant to section 16-243m of the general statutes, the department shall direct an electric distribution company to negotiate, in good faith, long-term contracts for the electric energy output of each of the generation projects selected and approved by the department to provide capacity pursuant to said section 16-243m, provided the rates paid for such electric energy output when added to the payments made pursuant to such capacity contracts shall be the

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project's cost of service plus a reasonable rate of return. The electric distribution company shall apply to the department for approval of any such energy output contract. No such contract shall be effective unless approved by the department. The department may approve only such contracts it finds would reduce and stabilize the cost of electricity to Connecticut ratepayers. Such contract may not exceed the term of the capacity contract for such generation project.

Sec. 87. (NEW) (*Effective July 1, 2007*) (a) The Department of Public Utility Control shall, in coordination with the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act, establish a state-wide energy efficiency and outreach marketing campaign that shall provide targeted information for each of the following sectors: (1) Commercial, including small businesses, (2) industrial, (3) governmental, (4) institutional, including schools, hospitals and nonprofits, (5) agricultural, and (6) residential.

(b) The goals of the campaign established pursuant to subsection (a) of this section shall include, but not be limited to, educating electric consumers regarding (1) the benefits of pursuing strategies that increase energy efficiency, including information on the Connecticut electric efficiency partner program established pursuant to section 1 of this act and combined heat and power technologies, (2) the real-time energy reports prepared pursuant to section 100 of this act and the real-time energy alert system prepared pursuant to section 61 of this act, and (3) the option of choosing participating electric suppliers, as defined in subsection (k) of section 16-244c of the general statutes, as amended by this act.

(c) On or before December 1, 2007, the department shall develop and approve a plan that meets the goals of said campaign pursuant to subsection (b) of this section. Said plan shall include a coordinated range of marketing activities and outreach strategies, including, but

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not limited to, inserts in customers' utility bills; television, radio and newspaper advertisements; printed educational materials; events; a comprehensive web site resource serving all sectors; an electronic newsletter; planning forums and meetings throughout the state; and partnerships with businesses, government entities and nonprofit organizations. Said utility bill inserts shall include, but not be limited to, information that can assist consumers in evaluating options regarding energy efficiency. Said web site shall be maintained and updated regularly and shall include, but not be limited to, current rate and contact information for participating electric suppliers. Such current rate information shall be on said web site with date and time of update displayed prominently. The department shall begin the implementation of said plan on or before March 1, 2008.

(d) The department may retain the services of third-party entities to assist in the development and implementation of the state-wide energy efficiency and marketing campaign established pursuant to this section.

Sec. 88. (NEW) (*Effective July 1, 2007*) (a) As part of the energy efficiency and outreach marketing campaign established pursuant to section 87 of this act, on or before April 1, 2008, the Department of Public Utility Control shall, in consultation with the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act, develop a real-time energy report for daily use by television and other media. The report shall (1) identify the state's current real-time energy demand, along with how the demand has changed over the course of the day, and in the case of television news broadcasts, the real-time changes in energy demand; (2) emphasize the importance of reducing peak demand and provide estimates of the economic benefits that can be derived by reducing electricity use; (3) provide tips on energy efficiency measures; (4) promote community and business competition

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to reduce energy consumption; and (5) give visibility to communities and businesses that have implemented energy saving changes or that have installed and are operating renewable energy resources.

(b) The department may obtain the information needed to develop the real-time energy reports established pursuant to subsection (a) of this section from the regional independent system operator and the state's electric distribution companies.

Sec. 89. (NEW) (*Effective from passage*) On or before October 1, 2007, each electric distribution company, municipal utility or municipal electric energy cooperative shall submit a proposed customer notification procedure to notify retail customers of a capacity deficiency situation and the potential for said companies, municipal utilities or energy cooperatives to take emergency actions, which will encourage the customers to reduce electricity use voluntarily to help reduce the capacity deficiency to the Department of Public Utility Control for the department's consideration. Each company's, utility's or cooperative's costs related to such procedure and notification shall be recoverable as federally mandated congestion charges.

Sec. 90. (*Effective July 1, 2007*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate fifty million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by Connecticut Innovations, Incorporated, for the purpose of providing grants-in-aid pursuant to section 91 of this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not

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inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 91. (NEW) (*Effective from passage*) (a) There is established an account to be known as the "municipal renewable energy and efficient energy grant account", which shall be a separate, nonlapsing account within the Renewable Energy Investment Fund, established pursuant to section 16-245n of the general statutes, as amended by this act. The account shall contain any moneys required or permitted by law to be deposited in the account and any funds received from any public or private contributions, gifts, grants, donations, bequests or devises to the fund. Connecticut Innovations, Incorporated, may make grants-in-aid from the fund in accordance with the provisions of subsection (b)

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of this section.

(b) Connecticut Innovations, Incorporated, in consultation with the Department of Public Utility Control, the Department of Education and the Department of Emergency Management and Homeland Security, shall establish a municipal renewable energy and efficient energy generation grant program. Connecticut Innovations, Incorporated, shall make grants under said program to municipalities for the purchase of (1) renewable energy sources, including solar energy, geothermal energy and fuel cells or other energy-efficient hydrogen-fueled energy, or (2) energy-efficient generation sources, including units providing combined heat-and-power operations with greater than sixty-five per cent efficiency or such higher efficiency level as Connecticut Innovations, Incorporated, may prescribe, for municipal buildings. Connecticut Innovations, Incorporated, shall give priority to applications for grants for disaster relief centers and high schools. Each grant shall be in an amount that makes the cost of purchasing and operating the renewable energy or energy-efficient generation source competitive with the municipality's current electricity expenses.

(c) On or before October 1, 2007, Connecticut Innovations, Incorporated, shall develop an application for grants-in-aid under this section for the purpose of purchasing and operating renewable energy or energy-efficient generation sources and may receive applications from municipalities for such grants-in-aid on and after said date. Applications shall include, but not be limited to, a complete description of the proposed renewable energy or energy-efficient generation source.

(d) Commencing with the fiscal year ending June 30, 2008, and for each of the five consecutive fiscal years thereafter, until the fiscal year ending June 30, 2012, not less than ten million dollars shall be available from the municipal renewable energy and efficient energy generation

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grant account for grants-in-aid to municipalities for the purpose of purchasing and operating renewable energy or energy-efficient generation sources. Any balance of such amount not used for such grants-in-aid during a fiscal year shall be carried forward for the fiscal year next succeeding for such grants-in-aid.

(e) On or before January 1, 2009, and annually thereafter, Connecticut Innovations, Incorporated, shall report on the effectiveness of said program to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 92. Section 16-244c of the general statutes is amended by adding subsections (k) to (n), inclusive, as follows (*Effective July 1, 2007*):

(NEW) (k) (1) As used in this section:

(A) "Participating electric supplier" means an electric supplier that is licensed by the department to provide electric service, pursuant to this subsection, to residential or small commercial customers.

(B) "Residential customer" means a customer who is eligible for standard service and who takes electric distribution-related service from an electric distribution company pursuant to a residential tariff.

(C) "Small commercial customer" means a customer who is eligible for standard service and who takes electric distribution-related service from an electric distribution company pursuant to a small commercial tariff.

(D) "Qualifying electric offer" means an offer to provide full requirements commodity electric service and all other generation related service to a residential or small commercial customer at a fixed price per kilowatt hour for a term of no less than one year.

(2) In the manner determined by the department, residential or

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small commercial service customers (A) initiating new utility service, (B) reinitiating service following a change of residence or business location, (C) making an inquiry regarding their utility rates, or (D) seeking information regarding energy efficiency shall be offered the option to learn about their ability to enroll with a participating electric supplier. Customers expressing an interest to learn about their electric supply options shall be informed of the qualifying electric offers then available from participating electric suppliers. The electric distribution companies shall describe then available qualifying electric offers through a method reviewed and approved by the department. The information conveyed to customers expressing an interest to learn about their electric supply options shall include, at a minimum, the price and term of the available electric supply option. Customers expressing an interest in a particular qualifying electric offer shall be immediately transferred to a call center operated by that participating electric supplier.

(3) Not later than September 1, 2007, the department shall establish terms and conditions under which a participating electric supplier can be included in the referral program described in subdivision (2) of this subsection. Such terms shall include, but not be limited to, requiring participating electrical suppliers to offer time-of-use and real-time use rates to residential customers.

(4) Each calendar quarter, participating electric suppliers shall be allowed to list qualifying offers to provide electric generation service to residential and small commercial customers with each customer's utility bill. The department shall determine the manner such information is presented in customers' utility bills.

(5) Any customer that receives electric generation service from a participating electric supplier may return to standard service or may choose another participating electric supplier at any time, including during the qualifying electric offer, without the imposition of any

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additional charges. Any customer that is receiving electric generation service from an electric distribution company pursuant to standard service can switch to another participating electric supplier at any time without the imposition of additional charges.

(NEW) (l) Each electric distribution company shall offer to bill customers on behalf of participating electric suppliers and to pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the Department of Public Utility Control.

(NEW) (m) On or before July 1, 2007, the Department of Public Utility Control shall initiate a proceeding to examine whether electric supplier bills rendered pursuant to section 16-245d and any regulations adopted thereunder sufficiently enable customers to compare pricing policies and charges among electric suppliers.

(NEW) (n) Nothing in the provisions of this section shall preclude an electric distribution company from entering into standard service supply contracts or standard service supply components with electric generating facilities.

Sec. 93. (NEW) (*Effective July 1, 2007*) (a) The Commissioner of Environmental Protection shall adopt regulations, in accordance with chapter 54 of the general statutes, to implement the Regional Greenhouse Gas Initiative.

(b) The Department of Environmental Protection, in consultation with the Department of Public Utility Control, shall auction all emissions allowances and invest the proceeds on behalf of electric ratepayers in energy conservation, load management and Class I renewable energy programs. In making such investments, the Commissioner of Environmental Protection shall consider strategies

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that maximize cost effective reductions in greenhouse gas emission. Allowances shall be auctioned under the oversight of the Department of Public Utility Control and the Department of Environmental Protection by a contractor or trustee on behalf of the electric ratepayers.

(c) The regulations adopted pursuant to subsection (a) of this section may include provisions to cover the reasonable administrative costs associated with the implementation of the Regional Greenhouse Gas Initiative in Connecticut and to fund assessment and planning of measures to reduce emissions and mitigate the impacts of climate change. Such costs shall not exceed seven and one-half per cent of the total projected allowance value. Such regulations may also set aside a portion of the allowances to support the voluntary renewable energy provisions of the Regional Greenhouse Gas Initiative model rule and combined heat and power.

(d) Any allowances or allowance value allocated to the energy conservation load management program on behalf of electric ratepayers shall be incorporated into the planning and procurement process in sections 51 and 52 of this act.

Sec. 94. (NEW) (*Effective from passage*) (a) For purposes of this section: (1) "Connecticut electric efficiency partner program" means the coordinated effort among the Department of Public Utility Control, persons and entities providing enhanced demand-side management technologies, and electric consumers to conserve electricity and reduce demand in Connecticut through the purchase and deployment of energy efficient technologies; (2) "enhanced demand-side management technologies" means demand-side management solutions, customer-side emergency dispatchable generation resources, customer-side renewable energy generation, load shifting technologies and conservation and load management technologies that reduce electric distribution company customers' electric demand, and high efficiency

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natural gas and oil boilers and furnaces; and (3) "Connecticut electric efficiency partner" means an electric distribution company customer who acquires an enhanced demand-side management technology or a person, other than an electric distribution company, that provides enhanced demand-side management technologies to electric distribution company customers.

(b) The Energy Conservation Management Board, in consultation with the Renewable Energy Investments Advisory Committee, shall evaluate and approve enhanced demand-side management technologies that can be deployed by Connecticut electric efficiency partners to reduce electric distribution company customers' electric demand. Such evaluation shall include an examination of the potential to reduce customers' demand, federally mandated congestion charges and other electric costs. On or before October 15, 2007, the Energy Conservation Management Board shall file such evaluation with the Department of Public Utility Control for the department to review and approve or to review, modify and approve on or before October 15, 2007.

(c) Not later than October 15, 2007, the Energy Conservation Management Board shall file with the department, for the department to review and approve or to review, modify and approve, an analysis of the state's electric demand, peak electric demand and growth forecasts for electric demand and peak electric demand. Such analysis shall identify the principal drivers of electric demand and peak electric demand, associated electric charges tied to electric demand and peak electric demand growth, including, but not limited to, federally mandated congestion charges and other electric costs, and any other information the department deems appropriate. The analysis shall include, but not be limited to, an evaluation of the costs and benefits of the enhanced demand-side management technologies approved pursuant to subsection (b) of this section and establishing suggested

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funding levels for said individual technologies.

(d) Commencing April 1, 2008, any person may apply to the department for certification and funding as a Connecticut electric efficiency partner. Such application shall include the technologies that the applicant shall purchase or provide and that have been approved pursuant to subsection (b) of this section. In evaluating the application, the department shall (1) consider the applicant's potential to reduce customers' electric demand, including peak electric demand, and associated electric charges tied to electric demand and peak electric demand growth, (2) determine the portion of the total cost of each project that shall be paid for by the customer participating in this program and the portion of the total cost of each project that shall be paid for by all electric ratepayers and collected pursuant to subsection (h) of this section. In making such determination, the department shall ensure that all ratepayer investments maintain a minimum two-to-one payback ratio, and (3) specify that participating Connecticut electric efficiency partners shall maintain the technology for a period sufficient to achieve such investment payback ratio. The annual ratepayer contribution for projects approved pursuant to this section shall not exceed sixty million dollars. Not less than seventy-five per cent of such annual ratepayer investment shall be used for the technologies themselves. No person shall receive electric ratepayer funding pursuant to this subsection if such person has received or is receiving funding from the Energy Conservation and Load Management Funds for the projects included in said person's application. No person shall receive electric ratepayer funding without receiving a certificate of public convenience and necessity as a Connecticut electric efficiency partner by the department. The department may grant an applicant a certificate of public convenience if it possesses and demonstrates adequate financial resources, managerial ability and technical competency. The department may conduct additional requests for proposals from time to time as it deems appropriate. The department

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shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall include performance milestones.

(e) Beginning February 1, 2010, a certified Connecticut electric efficiency partner may only receive funding if selected in a request for proposal developed, issued and evaluated by the department. In evaluating a proposal, the department shall take into consideration the potential to reduce customers' electric demand including peak electric demand, and associated electric charges tied to electric demand and peak electric demand growth, including, but not limited to, federally mandated congestion charges and other electric costs, and shall utilize a cost benefit test established pursuant to subsection (c) of this section to rank responses for selection. The department shall determine the portion of the total cost of each project that shall be paid by the customer participating in this program and the portion of the total cost of each project that shall be paid by all electric ratepayers and collected pursuant to the provisions of this subsection. In making such determination, the department shall (1) ensure that all ratepayer investments maintain a minimum two-to-one payback ratio, and (2) specify that participating Connecticut electric efficiency partners shall maintain the technology for a period sufficient to achieve such investment payback ratio. The annual ratepayer contribution shall not exceed sixty million dollars. Not less than seventy-five per cent of such annual ratepayer investment shall be used for the technologies themselves. No Connecticut electric efficiency partner shall receive funding pursuant to this subsection if such partner has received or is receiving funding from the Energy Conservation and Load Management Funds for such technology. The department may conduct additional requests for proposals from time to time as it deems appropriate. The department shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall include performance milestones.

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(f) The department may retain the services of a third party entity with expertise in areas such as demand-side management solutions, customer-side renewable energy generation, customer-side distributed generation resources, customer-side emergency dispatchable generation resources, load shifting technologies and conservation and load management investments to assist in the development and operation of the Connecticut electric efficiency partner program. The costs for obtaining third party services pursuant to this subsection shall be recoverable through the systems benefits charge.

(g) The department shall develop a long-term low-interest loan program to assist certified Connecticut electric efficiency partners in financing the customer portion of the capital costs of approved enhanced demand-side management technologies. The department may establish such financing mechanism by the use of one or more of the following strategies: (1) Modifying the existing long-term customer-side distributed generation financing mechanism established pursuant to section 16-243j of the general statutes, (2) negotiating and entering into an agreement with the Connecticut Development Authority to establish a credit facility or to utilize grants, loans or loan guarantees for the purposes of this section upon such terms and conditions as the authority may prescribe including provisions regarding the rights and remedies available to the authority in case of default, or (3) selecting by competitive bid one or more entities that can provide such long-term financing.

(h) The department shall provide for the payment of electric ratepayers' portion of the costs of deploying enhanced demand-side management technologies by implementing a contractual financing agreement with the Connecticut Development Authority or a private financing entity selected through an appropriate open competitive selection process. No contractual financing agreements entered into with the Connecticut Development Authority shall exceed ten million

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dollars. Any electric ratepayer costs resulting from such financing agreement shall be recovered from all electric ratepayers through the systems benefits charge.

(i) On or before February 15, 2009, and annually thereafter, the department shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the effectiveness of the Connecticut electric efficiency partner program established pursuant to this section. Said report shall include, but not be limited to, an accounting of all benefits and costs to ratepayers, a description of the approved technologies, the payback ratio of all investments, the number of programs deployed and a list of proposed projects compared to approved projects and reasons for not being approved.

(j) On or before April 1, 2011, the Department of Public Utility Control shall initiate a proceeding to review the effectiveness of the program and perform a ratepayer cost-benefit analysis. Based upon the department's findings in the proceeding, the department may modify or discontinue the partnership program established pursuant to this section.

Sec. 95. Section 7-374 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(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 electric demand response, for conservation and load management, for distributed generation, for renewable energy projects, 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

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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; (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

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

Sec. 96. Subsection (a) of section 16-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) Each (1) public service company and its officers, agents and employees, (2) electric supplier or person providing electric generation services without a license in violation of section 16-245, and its officers, agents and employees, (3) certified telecommunications provider or person providing telecommunications services without authorization pursuant to sections 16-247f to 16-247h, inclusive, and its officers, agents and employees, (4) person, public agency or public utility, as such terms are defined in section 16-345, subject to the requirements of chapter 293, (5) person subject to the registration requirements under section 16-258a, (6) cellular mobile telephone carrier, as described in section 16-250b, [and] (7) Connecticut electric efficiency partner, as defined in section 94 of this act, and (8) company, as defined in section 16-49, shall obey, observe and comply with all applicable provisions of this title and each applicable order made or applicable regulations adopted by the Department of Public Utility Control by virtue of this title as long as the same remains in force. Any such company, electric supplier, certified telecommunications provider, cellular mobile telephone carrier, Connecticut electric efficiency partner, person, any officer, agent or employee thereof, public agency or public utility which the department finds has failed to obey or comply with any such provision of this title, order or regulation shall be fined by order of the department in accordance with the penalty prescribed for the violated provision of this title or, if no penalty is prescribed, not more than ten thousand dollars for each offense, except that the penalty shall be a fine of not more than forty thousand dollars for failure to comply

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with an order of the department made in accordance with the provisions of section 16-19 or 16-247k or within thirty days of such order or within any specific time period for compliance specified in such order. Each distinct violation of any such provision of this title, order or regulation shall be a separate offense and, in case of a continued violation, each day thereof shall be deemed a separate offense. Each such penalty and any interest charged pursuant to subsection (g) or (h) of section 16-49 shall be excluded from operating expenses for purposes of rate-making.

Sec. 97. (NEW) (*Effective from passage*) The Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act, shall investigate and develop a comprehensive plan, to be known as the Connecticut energy excellence plan, which shall include, but not be limited to: (1) Describing in detail any existing Connecticut higher educational energy efficiency resources, (2) quantifying the strategic role that energy efficiency programs can play in facilitating a transition to a more efficient and competitive business climate, (3) identifying measures that can be employed and investments in research that can be made to position the state as a national leader in energy efficiency, and (4) detailing the manner in which energy efficiency efforts can be expanded to reduce the state's peak electric demand by not less than ten per cent by 2010. The Energy Conservation Management Board shall submit such report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before February 1, 2008.

Sec. 98. (NEW) (*Effective from passage*) (a) On or before July 1, 2007, each electric distribution company shall submit a plan to the Department of Public Utility Control to deploy an advanced metering system. In lieu of submitting a plan pursuant to this section, an electric distribution company may seek a determination by the department

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that such company's existing metering system meets the requirements of this section. Such metering systems shall support net metering and be capable of tracking hourly consumption to support proactive customer pricing signals through innovative rate design, such as time-of-day or real-time pricing of electric service for all customer classes.

(b) Each plan to implement an advanced metering system developed pursuant to subsection (a) of this section shall outline an implementation schedule whereby meters and any network necessary to support such meters are fully deployed on or before January 1, 2009. On or after January 1, 2009, any customer may obtain a meter on demand.

(c) The cost of the advanced metering system, including, but not limited to, the meters, the network to support the meters, software and vendor costs to obtain the required information from the metering system and administrative, installation, operation maintenance costs, shall be borne by the electric distribution company and shall be recoverable in rates. Any unrecovered cost of the current metering system shall continue to be reflected in rates.

(d) Not later than six months after the effective date of this section, electric distribution companies, competitive electric suppliers and aggregators shall offer time-of-use pricing options to all customer classes. These pricing options shall include, but not be limited to, hourly and real-time pricing options.

Sec. 99. (*Effective from passage*) On or before July 1, 2007, each electric distribution company shall submit a proposal to the department to implement voluntary critical peak pricing or real-time pricing tariffs for all customer classes. The department shall approve a voluntary critical peak pricing or real-time pricing tariff for each customer class to become effective on or before January 1, 2008.

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Sec. 100. (NEW) (*Effective July 1, 2007*) As part of the energy efficiency and outreach marketing campaign established pursuant to section 87 of this act, on or before April 1, 2008, the Department of Public Utility Control shall, in consultation with the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act, develop a real-time energy electronic mail and cellular phone alert system to notify the public of the need to reduce energy consumption during peak power periods.

Sec. 101. (NEW) (*Effective from passage*) (a) Notwithstanding any provisions of the general statutes, the Office of Policy and Management, in consultation with the Department of Public Works, shall develop a strategic plan to improve the management of energy use in state facilities. Such plan shall include, but not be limited to: (1) A detailed description of the manner in which initiatives that make investments in energy efficiency, demand and load response, distributed generation, renewable energy and combined heat and power will be implemented; (2) options for having state agencies and institutions pursue competitive electric supply options through an integrated energy purchasing program; and (3) an outline of potential near-term budgetary savings targets that can be achieved through the implementation of said plan.

(b) On or before September 1, 2007, and annually thereafter, the Office of Policy and Management shall file such strategic plan with the Connecticut Energy Advisory Board. On or before January 1, 2008, and annually thereafter, the board shall approve or modify and approve said plan. On or before March 15, 2008, and annually thereafter, the board shall measure the success of the implementation of said plan and determine any actual financial benefits that have been derived by the overall electric system, including, but not limited to, state facilities. Any savings shall be allocated as follows: (1) Seventy-five per cent

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shall be retained by electric ratepayers, and (2) twenty-five per cent shall be divided equally between (A) reinvestment into energy efficiency programs in state buildings, and (B) investment into energy efficiency programs and technologies on behalf of participants of energy assistance programs administered by the Department of Social Services. Any reinvestments or investments made in programs pursuant to this section shall be paid through the systems benefits charge.

(c) To carry out the purposes of this section, the Office of Policy and Management may perform all acts necessary for the negotiation, execution and administration of any contract that is reasonably incidental to and furthers the needs of the state and the purposes of this section. The Office of Policy and Management may also retain the services of a third party entity possessing the requisite managerial, technical and financial capacity, to perform some or all of the duties necessary to implement the provisions of said plan.

(d) Any costs incurred by the state in complying with the provisions of this section shall be paid from annual state appropriations.

Sec. 102. (NEW) (*Effective from passage*) (a) Not later than sixty days after the effective date of this section, the Commissioner of Environmental Protection shall issue notice of intent to issue a general permit regarding the construction and operation of new or existing emergency engines and distributed generation resources that (1) generate no more than two megawatts of electricity; and (2) are approved by the Department of Public Utility Control to participate in the markets administered by the regional independent system operator in accordance with subsection (b) of section 103 of this act. Before issuing such permit, the sources to be covered by such permit shall provide the Commissioner of Environmental Protection with any information said commissioner deems necessary for the issuance of such permit. Any such general permit shall be issued in accordance

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with the provisions of subsection (k) of section 22a-174 of the general statutes and the general permit, and any authorization to operate under such permit, shall expire on the later of December 31, 2010, or ninety days after the energizing of the Middletown-Norwalk 345 kv transmission line approved by the Connecticut Siting Council. Notwithstanding this section, the Commissioner of Environmental Protection may, in consultation with the chairperson of the Public Utilities Control Authority, renew such general permit in accordance with the provisions of subsection (k) of section 22a-174 of the general statutes provided the Commissioner of Environmental Protection determines that renewal of such general permit is consistent with the requirements of subsection (b) of this section. The provisions of the general permit shall include, but not be limited to: Minimum setback provisions, limitations on hours of operation, requirements for air pollution controls certified to achieve a minimum reduction in emissions of nitrogen oxides of ninety per cent, directionally correct offsets at a ratio to be determined by the Commissioner of Environmental Protection, required control equipment, requirements for monitoring, reporting and recordkeeping, and any other requirement that said commissioner deems necessary. The provisions of this section are in addition to any other authority provided by law to said commissioner.

(b) When issuing or renewing the general permit pursuant to this section, the Commissioner of Environmental Protection shall, in consultation with the chairperson of the Public Utilities Control Authority, consider energy generation that will maximize the savings to the state's electric ratepayers and benefit the state's economy as a whole, but shall ensure that any emission increases resulting from the operation of sources covered by the general permit are offset by emission decreases from sources in Connecticut consistent with Connecticut's air quality attainment planning needs and requirements. The sources of decreases in emissions may include, but not be limited

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to, electric generation sources and demand response.

(c) On or before February 1, 2008, the Department of Environmental Protection, in consultation with the Department of Public Utility Control, shall report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding the economic and environmental benefits of the general permit issued pursuant to this section and the actions and measures taken pursuant to section 103 of this act.

Sec. 103. (NEW) (*Effective from passage*) (a) Pursuant to section 102 of this act, the Department of Public Utility Control shall implement a pilot program that will (1) allow the electric generation resources to run more often on an economic and reliability dispatch basis, (2) identify strategies that couple multiple energy conservation and load shifting technologies into an aggregate resource plan that results in aggregate reductions in environmental emissions, and (3) simultaneously maintain the appropriate levels of generating capacity and reserve resources necessary to comply with established electric system reliability standards. Said pilot program shall be limited to resources that can be available to operate on or before December 1, 2007. The Department of Public Utility Control shall determine (A) a minimum ratio by which the benefits derived from the implementation of each application exceed the costs of its implementation, and (B) the maximum level of aggregate investments that will be cost-effective.

(b) Any person owning or controlling emergency generation resources may apply to the Department of Public Utility Control for approval of a proposal to install equipment on emergency generation resources pursuant to section 102 of this act and the objectives of the pilot program as provided in this section. The department shall accept and act upon applications in the order in which they are received.

(c) The Department of Public Utility Control shall approve only

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those applications that meet or exceed the provisions of section 102 of this act and the pilot program established pursuant to this section, provided the department shall not approve applications that will (1) exceed the level of aggregate cost-effective investment pursuant to the provisions of subsection (a) of this section, or (2) exceed the funding provided pursuant to the provisions of subsection (e) of this section.

(d) The Department of Public Utility Control shall establish a financing mechanism to help persons applying under the provisions of subsection (b) of this section to defray the costs of installation of the equipment required pursuant to the provisions of section 102 of this act. Any such financing mechanism shall include such terms and conditions that the department determines to be reasonable and necessary to protect the public interest. Such mechanisms may include, but shall not be limited to, collateral requirements and assignment of payments made under any program administered by the regional independent system operator for emergency generation resources that qualify for such payments as the result of the equipment installed pursuant to an application made and approved under the provisions of this section.

(e) The Department of Public Utility Control shall defray the costs of implementing this section from the revenues derived from charges for federally mandated congestion charges, provided the total costs shall not exceed the sum of ten million dollars in the aggregate. The department may retain such consultants as it deems necessary or convenient for the purposes of implementing the provisions of this section.

Sec. 104. (NEW) (*Effective from passage*) The Department of Public Utility Control, in consultation with the electric distribution companies, shall conduct a proceeding to examine the feasibility and potential risks and benefits associated with pursuing different standard service procurement options. Said proceeding shall include,

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but not be limited to, an examination of selecting a standard service portfolio manager, which may include the electric distribution companies; procuring individual electric supply components directly from a wholesale electricity supplier or an electric generating facility; creating a nonprofit entity for the purpose of procuring standard service power; and procuring physical and financial hedges to manage prices, including, but not limited to, tolling arrangements and financial transmission rights. The department shall report any findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before February 1, 2008.

Sec. 105. Subsection (d) of section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(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

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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 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.

(3) Programs included in the plan developed under subdivision (1) of [subsection (d) of this section] this subsection 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. Such testing shall include an analysis of the effects of investments on increasing the state's load factor. 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 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

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relating to energy and the environment (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 7-233y, 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 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.

(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] (I) public education regarding conservation; and (J) the demand-side technology programs recommended by the procurement

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plan approved by the Department of Public Utility Control pursuant to section 51 of this act. 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, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

Sec. 106. (NEW) (*Effective from passage*) The Department of Public Utility Control shall study the feasibility of developing a financial incentive program to encourage the state's electric distribution companies to stabilize or to reduce the state's peak electric demand. To implement this program, the department shall use past peak electric demand data to establish a target or baseline system demand for each electric distribution company. The program shall offer an incentive to each electric distribution company that stabilizes system demand by ensuring that demand does not exceed the department's predetermined range of demand growth. The program shall also offer a bonus incentive for each electric distribution company if system peak system demand is reduced by ensuring that there is a reduction to system peak demand that is greater than the department's predetermined range of peak demand growth. In developing this program, the department shall measure demands and establish an annual incentive payment structure for each electric distribution company. The department shall report on the feasibility of said program to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before February 1, 2008.

Sec. 107. (NEW) (*Effective from passage*) In any rate case initiated on

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and after the effective date of this section, the Department of Public Utility Control shall order the state's gas and electric distribution companies to decouple distribution revenues from the volume of natural gas or electricity sales through any of the following strategies, singly or in combination: (1) A mechanism that adjusts actual distribution revenues to allowed distribution revenues, (2) rate design changes that increase the amount of revenue recovered through fixed distribution charges, or (3) a sales adjustment clause, rate design changes that increase the amount of revenue recovered through fixed distribution charges, or both. In making its determination on this matter, the department shall consider the impact of decoupling on the gas or electric distribution company's return on equity and make necessary adjustments thereto.

Sec. 108. (NEW) (*Effective July 1, 2007*) (a) On and after October 1, 2007, the Department of Public Utility Control shall, in consultation with the Renewable Energy Investments Advisory Board and the Office of Policy and Management, establish a grant program for clean and distributive generation, generated from a Class I renewable energy source, projects for businesses and state buildings.

(b) The Department of Public Utility Control shall award grants as follows: (1) Not more than twenty-five million dollars shall be awarded to fuel cell projects, and (2) not more than twenty-five million dollars shall be awarded for all other clean and distributive generation projects.

Sec. 109. (*Effective July 1, 2007*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate fifty million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the

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amount stated in subsection (a) of this section, shall be used by the Department of Public Utility Control for the purpose of the grant program established in section 108 of this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 110. Section 16a-7b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

Not later than December 1, 2004, the Connecticut Energy Advisory Board shall develop infrastructure criteria guidelines for the evaluation

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process under subsection (f) of section 16a-7c, which guidelines shall be consistent with state environmental policy, state economic development policy, and the state's policy regarding the restructuring of the electric industry, as set forth in section 16-244, [and the findings in the comprehensive energy plan prepared pursuant to section 16a-7a,] and shall include, but not be limited to, the following: (1) Environmental preference standards; (2) efficiency standards, including, but not limited to, efficiency standards for transmission, generation and demand-side management; (3) generation preference standards; (4) electric capacity, use trends and forecasted resource needs; (5) natural gas capacity, use trends and forecasted resource needs; and (6) national and regional reliability criteria applicable to the regional bulk power grid, as determined in consultation with the regional independent system operator, as defined in section 16-1, as amended by this act. In developing environmental preference standards, the board shall consider the recommendations and findings of the task force established pursuant to section 25-157a and Executive Order Number 26 of Governor John G. Rowland.

Sec. 111. (NEW) (*Effective July 1, 2007*) (a) There is established an account to be known as the "state-wide energy efficiency and outreach account", which shall be a separate, nonlapsing account of the General Fund. The account shall contain any moneys required by law to be deposited in the account. Any balance remaining in said account at the end of any fiscal year shall be carried forward in said account for the fiscal year next succeeding.

(b) The moneys in said account shall be expended by the Department of Public Utility Control for the purpose of carrying out the requirements of sections 61, 87, 88 and 100, inclusive, of this act.

Sec. 112. Subsection (e) of section 25-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

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(e) After adoption pursuant to subsection (d) of this section of an inventory, statement of objectives and map, the river committee shall prepare a report on all federal, state and municipal laws, plans, programs and proposed activities which may affect the river corridor defined in such map. Such laws shall include regulations adopted pursuant to chapter 440 and zoning, subdivision and site plan regulations adopted pursuant to section 8-3. Such plans shall include plans of conservation and development adopted pursuant to section 8-23, the state plan for conservation and development, water utility supply plans adopted pursuant to section 25-32d, coordinated water system plans adopted pursuant to section 25-33h, [the comprehensive energy plan adopted pursuant to section 16a-7a,] municipal open space plans, the commissioner's fish and wildlife plans, the master transportation plan adopted pursuant to section 13b-15, plans prepared by regional planning agencies pursuant to section 8-31a, and publicly-owned wastewater treatment facility plans. State and regional agencies shall, within available resources, assist the river committee in identifying such laws, plans, programs and proposed activities. The report to be prepared pursuant to this section shall identify any conflicts between such federal, state, regional and municipal laws, plans, programs and proposed activities and the river committee's objectives for river corridor protection and preservation as reflected in the statement of objectives. If conflicts are identified, the river committee shall notify the applicable state, regional or municipal agencies and such agencies shall, within available resources, attempt with the river commission to resolve such conflicts.

Sec. 113. Subdivision (4) of section 25-231 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(4) "Major state plan" means any of the following: The master transportation plan adopted pursuant to section 13b-15, the plan for

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development of outdoor recreation adopted pursuant to section 22a-21, the solid waste management plan adopted pursuant to section 22a-211, the state-wide plan for the management of water resources adopted pursuant to section 22a-352, the state-wide environmental plan adopted pursuant to section 22a-8, the historic preservation plan adopted under the National Historic Preservation Act, 16 USC 470 et seq., the state-wide facility and capital plan adopted pursuant to section 4b-23, the long-range state housing plan adopted pursuant to section 8-37t, [the comprehensive energy plan adopted pursuant to section 16a-7a,] the water quality management plan adopted under the federal Clean Water Act, 33 USC 1251 et seq., any plans for managing forest resources adopted pursuant to section 23-20 and the Connecticut River Atlantic Salmon Compact adopted pursuant to section 26-302.

Sec. 114. Subsection (e) of section 25-234 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(e) After adoption of an inventory, statement of objectives and map, pursuant to subsection (d) of this section, the river commission shall prepare a report on all federal, state, regional and municipal laws, plans, programs and proposed activities which may affect the river corridor defined in such map. Such federal, state, regional and municipal laws shall include regulations adopted pursuant to chapter 440, and zoning, subdivision and site plan regulations adopted pursuant to section 8-3. Such federal, state, regional and municipal plans shall include plans of development adopted pursuant to section 8-23, the state plan for conservation and development, water utility supply plans submitted pursuant to section 25-32d, coordinated water system plans submitted pursuant to section 25-33h, [the comprehensive energy plan adopted pursuant to section 16a-7a,] the master transportation plan adopted pursuant to section 13b-15, plans prepared by regional planning organizations pursuant to section 8-31a

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and plans of publicly-owned wastewater treatment facilities whose discharges may affect the subject river corridor. State and regional agencies shall, within available resources, assist the river commission in identifying such laws, plans, programs and proposed activities. The report to be prepared pursuant to this section shall identify any conflicts between such federal, state, regional and municipal laws, plans, programs and proposed activities and the river commission's objectives for river corridor management as reflected in the statement of objectives. If conflicts are identified, the river commission shall notify the applicable state, regional or municipal agencies and such agencies shall, within available resources and in consultation with the river commission, attempt to resolve such conflicts.

Sec. 115. Section 16-32f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(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 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)

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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) 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, in accordance 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. Such plan shall be funded during each state fiscal year by the revenue from the tax imposed by section 12-264 on the gross receipts of sales of all public services companies that is in excess of the revenue estimate for said tax that is approved by the General Assembly in the appropriations act for such fiscal year, provided the amount of such excess revenue that shall be allocated to fund such plan in any state fiscal year shall not exceed ten million dollars. Such excess revenue shall be deposited in an account held by the Energy Conservation Management Board, established pursuant to section 16-245m, as amended by this act. Services provided under the plan shall be available to all gas company customers. Each gas company shall apply to the Energy Conservation Management Board for reimbursement for expenditures pursuant to

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the plan. 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,] 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 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 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-

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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 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. 116. (NEW) (*Effective July 1, 2007*) (a) For purposes of this section, "fuel oil" means the product designated by the American Society for Testing and Materials as "Specifications for Heating Oil D396-69", commonly known as number 2 heating oil, and grade number 4, grade number 5 and grade number 6 fuel oil, provided such heating and fuel oil are used for purposes other than the generation of

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power to propel motor vehicles or for the generation of electricity.

(b) On or before November 1, 2007, the Fuel Oil Conservation Board shall, after issuing a request for proposals, select an entity qualified to administer and implement conservation and energy efficiency programs for fuel oil customers, as described in this section, to act as the program administrator for such programs and shall enter into a contract not to exceed three years in duration for such purpose. At the expiration of the contract, the board may renew the contract if it finds that the administrator's performance has been satisfactory, or the board may issue a new request for proposals.

(c) On or before March 1, 2008, the program administrator shall submit to the Energy Conservation Management Board a fuel oil conservation plan in accordance with the provisions of this section for the balance of 2008. On or before October 1, 2008, and annually thereafter, the program administrator shall submit to the Fuel Oil Conservation Board and the Energy Conservation Management Board a fuel oil conservation plan for the next calendar year in accordance with the provisions of this section. The board shall hold a public hearing on each such plan.

(d) (1) The Fuel Oil Conservation Board shall advise and assist the program administrator in the development and implementation of a comprehensive plan, which shall be approved by the board, that implements cost-effective fuel oil energy conservation programs and market transformation initiatives for residential, commercial and industrial fuel oil customers. The 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.

(2) Program cost-effectiveness shall be reviewed annually by the

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Fuel Oil Conservation Board, or otherwise as practicable. Programs included in the plan shall be evaluated as to cost-effectiveness by comparing the value and payback period of the program benefits to the program costs to ensure that the programs are designed to obtain fuel oil savings, the value of which are greater than the costs of the program. If the board determines that a program fails such cost-effectiveness test, the board shall modify the program to meet the test or terminate the program. On or before January 1, 2009, and annually thereafter, the Fuel Oil Conservation Board shall provide a report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment, in accordance with the provisions of section 11-4a of the general statutes, that documents expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, including any increased cost-effectiveness due to offering programs that save more than one fuel resource.

(3) Programs included in the plan may include, but not be limited to: (A) Conservation programs, including programs that benefit low-income persons; (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 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 Fuel Oil Conservation Board for the retention of expert consultants and

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reasonable administrative costs, provided such consultants shall not be employed by, or have any contractual relationship with, a fuel oil company or the program administrator. Such costs shall not exceed five per cent of the total cost of the plan.

(e) (1) There is established a Fuel Oil Conservation Board consisting of thirteen members, including:

(A) One member representing dealers with retail oil heat sales in excess of fifteen million gallons in the state, appointed by the president pro tempore of the Senate;

(B) One member representing dealers with retail oil heat sales of less than fifteen million gallons in the state, appointed by the speaker of the House of Representatives;

(C) One member representing the heating, ventilation and air-conditioning trades licensed under chapter 393 of the general statutes, appointed by the majority leader of the Senate;

(D) One member representing wholesale heating distributors operating within the state, appointed by the majority leader of the House of Representatives;

(E) One member representing a state-wide environmental advocacy group, appointed by the minority leader of the Senate;

(F) The chairperson of the Heating, Piping, Cooling and Sheet Metal Work Board established under chapter 393 of the general statutes;

(G) One member from a state-wide retail oil dealer trade association, appointed by the minority leader of the House of Representatives;

(H) Six members of the public appointed by the Governor, of which one shall be a representative of an environmental organization

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knowledgeable in energy efficiency programs, one shall be a representative of in-state generators, one shall be a representative of a consumer advocacy organization, one shall be a representative of the business community, one shall be a representative of low-income ratepayers and one shall be a representative of state residents, in general, and all of whom shall have expertise in energy issues, and

(1) All appointed members of the board shall serve in accordance with section 4-1a of the general statutes.

(2) The Fuel Oil Conservation Board shall establish itself as a tax exempt organization in accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended. Not later than July 1, 2008, and biennially thereafter, a third party selected by the Attorney General shall audit the activities of the board. The results of such audit shall be submitted in a report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment, in accordance with the provisions of section 11-4a of the general statutes.

(3) The Fuel Oil Conservation Board shall establish a fuel oil conservation account. The account shall be a separate, nonlapsing accounting within the General Fund and shall be funded by annual revenue from the tax imposed by section 12-587 of the general statutes on the sale of petroleum products gross earnings that is in excess of said revenue collected during 2006, provided the amount of such revenue that shall be allocated to said account in any year shall not exceed ten million dollars. Said funds shall be deposited into the fuel oil conservation account.

(4) The Fuel Oil Conservation Board shall authorize specific amounts from the fuel oil conservation account established pursuant to subdivision (3) of this subsection to the program administrator

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selected to implement an approved plan under this section. Such amounts shall be in the form of grants, which the board shall award twice a year. Any moneys left in the account at the end of each fiscal year shall be transferred outright to the General Fund.

Sec. 117. (*Effective July 1, 2007*) (a) On and after July 1, 2009, if the Department of Public Utility Control does not receive and approve proposals pursuant to the requests for proposals processes, pursuant to section 52 of this act, sufficient to reach the goal set by the plan approved pursuant to section 51 of this act, the department may order an electric distribution company to submit for the department's review in a contested case proceeding, in accordance with chapter 54 of the general statutes, a proposal to build and operate an electric generation facility in the state. An electric distribution company shall be eligible to recover its prudently incurred costs consistent with the principles set forth in section 16-19e of the general statutes, as amended by this act, for any generation project approved pursuant to this section.

(b) On or before January 1, 2008, the department shall initiate a contested case proceeding to determine the costs and benefits of the state serving as the builder of last resort for the shortfall of megawatts from said request for proposal process.

Sec. 118. (NEW) (*Effective October 1, 2007*) An electric supplier or an electric distribution company shall waive a demand charge for an operator of a fuel cell during (1) a loss of power due to problems at any distribution resource, or (2) a scheduled or unscheduled shutdown of the fuel cell if said shutdown occurs during off-peak hours. The charge waived shall not exceed the amount resulting from the problem or shutdown.

Sec. 119. (*Effective from passage*) (a) For the calendar year 2007, each electric distribution company shall offer an electricity conservation incentive program to its customers. Said program shall compare

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electricity usage during the period beginning on June 1, 2007, and ending on August 31, 2007, and during the same period in 2006 and give customers a conservation incentive.

(b) Electric distribution companies shall issue credits to customers on the electricity bill that is presented on or after November 1, 2007, and shall calculate said credits as follows: (1) Any customer who uses at least ten per cent less electricity during the 2007 period shall earn a credit equal to ten per cent of the billed generation charges for usage from June 1, 2007, to August 31, 2007, inclusive; (2) any customer who uses at least fifteen per cent less electricity during the 2007 period shall earn a credit equal to fifteen per cent of the billed generation charges for usage from June 1, 2007, to August 31, 2007, inclusive; and (3) any customer who uses at least twenty per cent less electricity during the 2007 period shall earn a credit equal to twenty per cent of the billed generation charges for usage from June 1, 2007, to August 31, 2007, inclusive. The calculation of reduction in electric energy usage shall be made pursuant to this section and the Department of Public Utility Control's decision in the proceeding required by subsection (c) of this section. Customers who have overdue balances with the electric distribution companies shall have any credits earned applied to such overdue balances.

(c) Within fifteen days of the effective date of this section, each electric distribution company shall file with the Department of Public Utility Control an outline of the program established in subsection (a) of this section. Said outline shall include, but not be limited to, how the company plans to implement said program and the projected costs of said program. Using the submitted outlines, the department shall conduct an uncontested proceeding to design the parameters of the program established in subsection (a) of this section and to consider and implement reasonable means of marketing and promoting the program. The department shall include, but not be limited to, the

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following parameters necessary to encourage conservation, discourage inaccuracy in measurement and assure that credits are only provided to customers who have changed their usage by taking conservation and load management actions: (1) The comparison of energy usage shall be based on weather-normalized usage in 2007 compared to the comparable period in 2006 for that particular address; (2) the program shall not be available to customers without usage in comparable months of 2006; and (3) for customers who participate in other demand response programs, including, but not limited to, those sponsored by the regional independent system operator, benefits from the program established in subsection (a) of this section shall be pro-rated against any benefits from any other programs.

(d) All costs incurred by an electric distribution company in connection with the program established in subsection (a) of this section, including incentive credits on customers' bills, shall be recoverable through the systems benefits charge.

(e) On or before February 1, 2008, the department shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the success of, and any recommendations for improvement of, the incentive program established pursuant to subsection (a) of this section.

Sec. 120. Subsection (c) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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

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expenditures [which] that 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] that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy utilization from traditional sources. 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, businesses and lending institutions with regard to renewable energy technologies.

Sec. 121. (*Effective July 1, 2007*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate thirty million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by Connecticut Innovations, Incorporated, for the purpose of funding the net project costs, or the balance of any projects after applying any public or private financial incentives available, for any renewable energy or combined heat and power projects in state buildings. The funds shall be made available through the Renewable Energy Investment Fund, established pursuant to section 16-245n of the general statutes, as amended by this act. Eligible state buildings shall be Leadership in Energy and Environmental Design (LEED) certified or in the process of becoming LEED certified.

(c) All provisions of section 3-20 of the general statutes, or the

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exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 122. Section 4a-67d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The fleet average for cars or light duty trucks purchased by the state shall: (1) On and after October 1, 2001, have a United States Environmental Protection Agency estimated highway gasoline mileage rating of at least thirty-five miles per gallon and on and after January 1, 2003, have a United States Environmental Protection Agency estimated highway gasoline mileage rating of at least forty miles per gallon, (2)

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comply with the requirements set forth in 10 CFR 490 concerning the percentage of alternative-fueled vehicles required in the state motor vehicle fleet, and (3) obtain the best achievable mileage per pound of carbon dioxide emitted in its class. The alternative-fueled vehicles purchased by the state to comply with said requirements shall be capable of operating on natural gas or electricity or any other system acceptable to the United States Department of Energy that operates on fuel that is available in the state.

(b) Notwithstanding any other provisions of this section, (1) on and after January 1, 2008, any car or light duty truck purchased by the state shall have an efficiency rating that is in the top third of all vehicles in such purchased vehicle's class and fifty per cent of such cars and light duty trucks shall be an alternative fueled, hybrid electric or plug-in electric vehicle, and (2) on and after January 1, 2010, any car or light duty truck purchased by the state shall have an efficiency rating that is in the top third of all vehicles in such purchased vehicle's class and one hundred per cent of such cars and light duty trucks shall be alternative fueled, hybrid electric or plug-in electric vehicles.

[(b)] (c) The provisions of [subsection (a)] subsections (a) and (b) of this section shall not apply to cars or light duty trucks purchased for law enforcement or other special use purposes as designated by the Department of Administrative Services.

[(c)] (d) As used in this section, the terms "car" and "light duty truck" shall be as defined in the United States Department of Energy Publication DOE/CE -0019/8, or any successor publication.

Sec. 123. (NEW) (*Effective July 1, 2007*) Any electric distribution company that has a tariff for residential electric space heating customers shall maintain such tariff for a period of not less than five years after the effective date of this section. Such tariff shall be available for requests for electric service at a service location that was

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previously assigned to said tariff. Such tariff shall be available only to residential electric customers who use electric energy as the primary space heating source and who enter into an agreement with the electric distribution company for a period of not less than twelve months.

Sec. 124. Subdivision (2) of subsection (j) of section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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, 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, (A) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (B) 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 enhance the reliability of the electric transmission system of the state.

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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 attributable to the project. [Such] On and after October 1, 2007, and until September 30, 2008, such contracts shall be comprised of not less than a total, apportioned among each electric distribution company, of one hundred twenty-five megawatts; and on and after October 1, 2008, such contracts shall be comprised of not less than a total, apportioned among each electrical distribution company, of one hundred fifty 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 adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided 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. 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. On or before September 1, 2007, the department, in consultation with the Office of Consumer Counsel and the Renewable Energy Investments Advisory Council, shall study the operation of such renewable energy contracts and report its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 125. (NEW) (*Effective July 1, 2007*) On or before July 1, 2010, the Department of Public Utility Control shall conduct a contested case

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proceeding to examine the effectiveness of the programs administered by the Energy Conservation Management Board, established pursuant to section 16-245m of the general statutes, as amended by this act. Based on the findings of said proceeding the department may modify or discontinue any of the board's conservation and load management programs.

Sec. 126. Section 16-245e of the general statutes is amended by adding subsection (l) as follows (*Effective from passage*):

(NEW) (l) The sum of ninety-five million dollars is appropriated to the Treasurer, from the General Fund, for the fiscal year ending June 30, 2007, for the purpose of (1) defeasing the state rate reduction bonds maturing after December 30, 2007, by irrevocably depositing with the bond trustee in trust such appropriation to be used for the scheduled payments of principal and interest on the said state rate reduction bonds and paying operating expenses, (2) if the Treasurer determines it to be in the state's best interest, purchasing state rate reduction bonds maturing after December 30, 2007, in the open market on such terms and conditions as the Treasurer determines to be in the best interest of the state for purposes of satisfying such bonds, or (3) defeasing or satisfying the state rate reduction bonds maturing after December 30, 2007, by a combination of the methods described in subdivisions (1) and (2) of this subsection. Such appropriation is for the purpose of paying debt service on bonds or other evidences of indebtedness and related costs and expenses provided for in the indenture. After the defeasance or satisfaction of all outstanding state rate reduction bonds, the trustee shall deliver to the Treasurer or apply in accordance with the instructions of the Treasurer all moneys held by it not necessary to defease or satisfy such bonds or allocated to pay operating expenses. Such funds shall be first applied to satisfy any unpaid operating expenses. After payment of the operating expenses, seventy-five per cent of any remaining amounts shall be paid to the

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Energy Conservation and Load Management Fund, established pursuant to section 16-245m, as amended by this act, and twenty-five per cent of such remaining amount shall be paid to the Renewable Energy Investment Fund, established pursuant to section 16-245n, as amended by this act. The Treasurer and the finance authority have the authority to take any necessary and appropriate actions to implement the defeasance or satisfaction of the state rate reduction bonds and the payment of all operating expenses so that the amount of state rate reduction charges which before defeasance secured the state rate reduction bonds can be applied to the Energy Conservation and Load Management Fund and the Renewable Energy Investment Fund.

Sec. 127. (*Effective July 1, 2007*) The sum of five million dollars is appropriated to the Department of Public Utility Control, from the General Fund, for the fiscal year ending June 30, 2008, for deposit into the state-wide energy efficiency and outreach account established pursuant to section 44 of this act.

Sec. 128. (*Effective from passage*) (a) The sum of two million five hundred thousand dollars is appropriated to the Office of Policy and Management, from the General Fund, for the fiscal year ending June 30, 2007, for the purpose of implementing the clean-slate program pursuant to section 81 of this act.

(b) The sum of one million seven hundred fifty thousand dollars is appropriated to the Office of Policy and Management, from the General Fund, for the fiscal year ending June 30, 2007, for the purpose of expanding Operation Fuel, Incorporated, pursuant to section 16a-41h of the general statutes, as amended by this act.

(c) The sum of seven hundred fifty thousand dollars is appropriated to the Office of Policy and Management, from the General Fund, for the fiscal year ending June 30, 2007, for Operation Fuel, Incorporated's infrastructure, technology support and case management services

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pursuant to section 16a-41h of the general statutes, as amended by this act.

Sec. 129. Section 16a-7a of the general statutes is repealed. (*Effective July 1, 2007*)

Approved June 4, 2007

Line Item Vetoed by the Governor, Sections: 126 & 128