House of Representatives

General Assembly

File No. 798

January Session, 2007

Substitute House Bill No. 7098

House of Representatives, May 8, 2007

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.

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

Section 1. (NEW) (*Effective July 1, 2007*) On and after July 1, 2007, and not later than July 1, 2017, 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, propane and oil furnaces and boilers that are not less than eighty-four per cent efficient. 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.

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 Section 6 of public act 05-2 of the October 25 special session is repealed and the following is substituted in lieu thereof (*Effective from passage*):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

50 2008, to September 1, 2008. Such rebates shall be not less than twenty-
51 five dollars for an air conditioner with a retail price of one hundred
52 dollars to two hundred dollars; not less than fifty dollars for an air
53 conditioner with a retail price of more than two hundred dollars but
54 less than three hundred dollars; and not less than one hundred dollars
55 for an air conditioner with a retail price of more than three hundred
56 dollars, and (2) provide rebates of not less than five hundred dollars to
57 residential customers of electric distribution companies who replace an
58 existing central air conditioning unit that does not meet the federal
59 Energy Star standard with a unit that does meet said standard.

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

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

71 (d) On or before January 1, 2009, the Department of Public Utility
72 Control shall report to the joint standing committee of the General
73 Assembly having cognizance of matters relating to energy the results
74 of the rebate program established in subsection (a) of this section.

75 Sec. 4. (NEW) (*Effective October 1, 2007*) An electric supplier or an
76 electric distribution company shall waive a demand charge for an
77 operator of a fuel cell during (1) a loss of power due to problems at any
78 distribution resource, or (2) a scheduled or unscheduled shutdown of
79 the fuel cell if said shutdown occurs during off-peak hours. The charge
80 waived shall not exceed the amount resulting from the problem or
81 shutdown.

82 Sec. 5. (NEW) (*Effective from passage*) On and after January 1, 2008,
83 the Department of Public Utility Control shall order and direct that
84 any intermediate or base load electric generating unit owned by an
85 electric distribution company or covered by a bilateral contract with an
86 electric distribution company that is fueled by either oil or natural gas,
87 with a rating of not less than sixty-five megawatts, to have the actual
88 ability to operate on demand for a forty-eight-hour period using either
89 oil or natural gas.

90 Sec. 6. (*Effective from passage*) Not later than September 1, 2007, the
91 Department of Public Utility Control shall conduct a contested case
92 proceeding, in accordance with the provisions of chapter 54 of the
93 general statutes, to analyze (1) the appropriate number of linemen that
94 are necessary for an electric distribution company to maintain, repair
95 and extend its electric distribution lines by region under normal
96 circumstances and under extraordinary circumstances, including, but
97 not limited to, storm conditions, (2) whether the consolidation or
98 centralization of line repair facilities and personnel results in longer
99 times to reach affected areas, (3) whether greater use of newer
100 technologies may reduce the incidence of power outages, and (4) the
101 most efficacious way to notify the public regarding an electric power
102 outage and the status of an electric distribution company's efforts to
103 restore electricity to a particular area of the state. Not later than
104 January 1, 2008, the department shall submit a report with the results
105 of such analysis to the joint standing committee of the General
106 Assembly having cognizance of matters relating to energy in
107 accordance with the provisions of section 11-4a of the general statutes.

108 Sec. 7. Section 16-32g of the general statutes is repealed and the
109 following is substituted in lieu thereof (*Effective October 1, 2007*):

110 Not later than January 1, **[**1988**]** <u>2008, and annually thereafter</u>, each
111 electric or electric distribution company shall submit to the
112 Department of Public Utility Control a plan for the maintenance of
113 poles, wires, conduits or other fixtures, along public highways or
114 streets for the transmission or distribution of electric current, owned,

115 operated, managed or controlled by such company, in such format as
116 the department shall prescribe. Such plan shall include a summary of
117 appropriate staffing levels necessary for the maintenance of said
118 fixtures and a program for the trimming of tree branches and limbs
119 located in close proximity to overhead electric wires where such
120 branches and limbs may cause damage to such electric wires. The
121 department shall review each plan and may issue such orders as may
122 be necessary to ensure compliance with this section. The department
123 may require each electric or electric distribution company to submit an
124 updated plan at such time and containing such information as the
125 department may prescribe. The department shall adopt regulations, in
126 accordance with the provisions of chapter 54, to carry out the
127 provisions of this section.

128 Sec. 8. Subsection (a) of section 16-19e of the general statutes is
129 repealed and the following is substituted in lieu thereof (*Effective*
130 *October 1, 2007*):

131 (a) In the exercise of its powers under the provisions of this title, the
132 Department of Public Utility Control shall examine and regulate the
133 transfer of existing assets and franchises, the expansion of the plant
134 and equipment of existing public service companies, the operations
135 and internal workings of public service companies and the
136 establishment of the level and structure of rates in accordance with the
137 following principles: (1) That there is a clear public need for the service
138 being proposed or provided; (2) that the public service company shall
139 be fully competent to provide efficient and adequate service to the
140 public in that such company is technically, financially and
141 managerially expert and efficient; (3) that the department and all
142 public service companies shall perform all of their respective public
143 responsibilities with economy, efficiency and care for **[**the**]** public
144 safety and energy security, and so as to promote economic
145 development within the state with consideration for energy and water
146 conservation, energy efficiency and the development and utilization of
147 renewable sources of energy and for the prudent management of the
148 natural environment; (4) that the level and structure of rates be

149 sufficient, but no more than sufficient, to allow public service
150 companies to cover their operating costs including, but not limited to,
151 appropriate staffing levels, and capital costs, to attract needed capital
152 and to maintain their financial integrity, and yet provide appropriate
153 protection to the relevant public interests, both existing and
154 foreseeable which shall include, but not be limited to, reasonable costs
155 of security of assets, facilities and equipment that are incurred solely
156 for the purpose of responding to security needs associated with the
157 terrorist attacks of September 11, 2001, and the continuing war on
158 terrorism; (5) that the level and structure of rates charged customers
159 shall reflect prudent and efficient management of the franchise
160 operation; and (6) that the rates, charges, conditions of service and
161 categories of service of the companies not discriminate against
162 customers which utilize renewable energy sources or cogeneration
163 technology to meet a portion of their energy requirements.

164 Sec. 9. (NEW) (*Effective from passage*) Not later than September 1,
165 2007, the Connecticut Siting Council, in consultation with the
166 Department of Emergency Management and Homeland Security's
167 Coordinating Council, established pursuant to section 28-1b of the
168 general statutes, and the Department of Public Utility Control shall
169 initiate a contested case proceeding, in accordance with the provisions
170 of chapter 54 of the general statutes, to investigate energy security with
171 regard to the siting of electric generating facilities and transmission
172 facilities, including consideration of planning, preparedness, response
173 and recovery capabilities. The siting council may conduct such
174 proceedings in an executive session with sensitive information
175 submitted under a protective order.

176 Sec. 10. (*Effective July 1, 2007*) Not later than September 1, 2007, the
177 Department of Public Utility Control shall initiate a contested case
178 proceeding, in accordance with the provisions of chapter 54 of the
179 general statutes, in consultation with the Connecticut Siting Council, to
180 assess ways in which the state can ensure and enhance the reliability of
181 electric generating facilities located in the state during periods of peak
182 electric demand. Said proceeding shall include, but not be limited to,

183 an examination of (1) the current compliance status of electric
184 generation facilities with existing on-site dual fuel storage and
185 operational requirements, (2) the existing inventory of fuel storage and
186 fuel delivery resources available to supply electric generating facilities
187 located in the state, (3) the amount of fuel delivery and storage
188 infrastructure that would be necessary to ensure the reliable operation
189 of in-state generating facilities during periods of peak electric demand,
190 (4) the value for and appropriate level of firm fuel delivery contracts,
191 and (5) the types of incentives that can be offered to electric and gas
192 market participants to enhance the reliability of electric service during
193 periods of peak electric demand. In conducting the proceeding, the
194 council and the department shall seek the input of interested persons
195 and entities including, but not limited to, the Office of Consumer
196 Counsel, the Attorney General, the state's electric distribution and gas
197 companies, the state's electric generators, owners of natural gas
198 pipeline facilities located in the state, and the regional independent
199 system operator. Not later than January 1, 2008, the department shall
200 submit a report containing their findings and recommendations to the
201 joint standing committee of the General Assembly having cognizance
202 of matters relating to energy in accordance with the provisions of
203 section 11-4a of the general statutes.

204 Sec. 11. Section 16a-38k of the general statutes is repealed and the
205 following is substituted in lieu thereof (*Effective January 1, 2008*):

206 (a) Notwithstanding any provision of the general statutes, any (1)
207 new construction of a state facility **[**, except salt sheds, parking
208 garages, maintenance facilities or school construction,**]** that is projected
209 to cost not less than five million dollars, **[**or more,**]** and is approved
210 and funded on or after January 1, **[**2007**]** 2008, and (2) renovation of a
211 state facility that is projected to cost not less than two million dollars,
212 that is financed with state funds and is approved and funded on or
213 after January 1, 2008, shall comply with the regulations adopted
214 pursuant to subsection (b) of this section. The Secretary of the Office of
215 Policy and Management, in consultation with the Commissioner of
216 Public Works, **[**and the Institute for Sustainable Energy,**]** shall exempt

217 any facility from complying with said regulations if [said secretary] the
218 Institute for Sustainable Energy finds, in a written analysis, that the
219 cost of such compliance significantly outweighs the benefits. For
220 purposes of this section, "state facility" means any building, including,
221 but not limited to, a state-financed housing project or a building that is
222 used or intended to be used as a school.

223 (b) Not later than January 1, 2007, the Secretary of the Office of
224 Policy and Management, in consultation with the Commissioner of
225 Public Works, the Commissioner of Environmental Protection and the
226 Commissioner of Public Safety, shall adopt regulations, in accordance
227 with the provisions of chapter 54, to adopt building construction
228 standards that (1) are consistent with or exceed the silver building
229 rating of the Leadership in Energy and Environmental Design's rating
230 system for new commercial construction and major renovation
231 projects, as established by the United States Green Building Council,
232 including energy standards that exceed those set forth in the 2004
233 edition of the American Society of Heating, Ventilating and Air
234 Conditioning Engineers (ASHRAE) Standard 90.1 by no less than
235 twenty per cent, or an equivalent standard, including, but not limited
236 to, a two-globe rating in the Green Globes USA design program, and
237 (2) will ensure that the completed building design and specifications
238 and completed commissioned building will receive an energy
239 performance rating of at least seventy-five on the Environmental
240 Protection Agency's Energy Star energy performance rating system,
241 and thereafter update such regulations as the secretary deems
242 necessary.

243 Sec. 12. Section 10-285a of the general statutes is amended by adding
244 subsection (i) as follows (*Effective October 1, 2007*):

245 (NEW) (i) The percentage determined pursuant to this section for a
246 school building project grant for a school building project pursuant to
247 section 16a-38k shall be increased by two percentage points, not to
248 exceed one hundred. Prior to any grant the funds being awarded
249 under this chapter for a project pursuant to section 16a-38k, the town

250 or regional school district shall certify to the Department of Education
251 that the school project will meet the standards established pursuant to
252 said section 16a-38k.

253 Sec. 13. Section 16a-48 of the general statutes is repealed and the
254 following is substituted in lieu thereof (*Effective October 1, 2007*):

255 (a) As used in this section:

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

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

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

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

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

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

278 (7) "Secretary" means the Secretary of the Office of Policy and

279 Management;

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

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

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

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

296 (12) "Low-voltage dry-type transformer" means a transformer that:
297 (A) Has an input voltage of 600 volts or less; (B) is between 14 kilovolt-
298 amperes and 2,501 kilovolt-amperes in size; (C) is air-cooled; and (D)
299 does not use oil as a coolant. "Low-voltage dry-type transformer" does
300 not include such transformers excluded from the low-voltage dry-type
301 distribution transformer definition contained in the California Code of
302 Regulations, Title 20: Division 2, Chapter 4, Article 4: Appliance
303 Efficiency Regulations;

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

307 (14) "Reach-in cabinet" means a refrigerator, freezer, or combination
308 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**]** <u>which are designed for the refrigerated or frozen storage of food and food products</u>;

(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;

(20) "Large packaged air-conditioning equipment" means air-cooled packaged air-conditioning equipment having not less than 240,000 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 cubic feet for horizontal-axis clothes washers, or no greater than 4.0 cubic feet for vertical-axis

340 clothes washers;

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

345 (b) The provisions of this section apply to the testing, certification
346 and enforcement of efficiency standards for the following types of new
347 products sold, offered for sale or installed in the state: (1) Commercial
348 clothes washers; (2) commercial refrigerators and freezers; (3)
349 illuminated exit signs; (4) large packaged air-conditioning equipment;
350 (5) low voltage dry-type distribution transformers; (6) torchiere
351 lighting fixtures; (7) traffic signal modules; (8) unit heaters; and (9) any
352 other products as may be designated by the department in accordance
353 with subdivision (3) of subsection (d) of this section.

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

361 (d) (1) Not later than July 1, 2005, the **[**department**]** office, in
362 consultation with the **[**secretary**]** Department of Public Utility Control,
363 shall adopt regulations, in accordance with the provisions of chapter
364 54, to implement the provisions of this section and to establish
365 minimum energy efficiency standards for the types of new products
366 set forth in subsection (b) of this section. The regulations shall provide
367 for the following minimum energy efficiency standards: (A)
368 Commercial clothes washers shall meet the requirements shown in
369 Table P-3 of section 1605.3 of the California Code of Regulations, Title
370 20: Division 2, Chapter 4, Article 4; (B) commercial refrigerators and
371 freezers shall meet the August 1, 2004, requirements shown in Table A-
372 6 of said California regulation; (C) illuminated exit signs shall meet the

373 version 2.0 product specification of the "Energy Star Program
374 Requirements for Exit Signs" developed by the United States
375 Environmental Protection Agency; (D) large packaged air-conditioning
376 equipment having not more than 760,000 BTUs per hour of capacity
377 shall meet a minimum energy efficiency ratio of 10.0 for units using
378 both electric heat and air conditioning or units solely using electric air
379 conditioning, and 9.8 for units using both natural gas heat and electric
380 air conditioning; (E) large packaged air-conditioning equipment
381 having not less than 761,000 BTUs per hour of capacity shall meet a
382 minimum energy efficiency ratio of 9.7 for units using both electric
383 heat and air conditioning or units solely using electric air conditioning,
384 and 9.5 for units using both natural gas heat and electric air
385 conditioning; (F) low voltage dry-type distribution transformers shall
386 meet or exceed the energy efficiency values shown in Table 4-2 of the
387 National Electrical Manufacturers Association Standard TP-1-2002; (G)
388 torchiere lighting fixtures shall not consume more than 190 watts and
389 shall not be capable of operating with lamps that total more than 190
390 watts; (H) traffic signal modules shall meet the product specification of
391 the "Energy Star Program Requirements for Traffic Signals" developed
392 by the United States Environmental Protection Agency that took effect
393 in February, 2001, except where the department, in consultation with
394 the Commissioner of Transportation, determines that such
395 specification would compromise safe signal operation; (I) unit heaters
396 shall not have pilot lights and shall have either power venting or an
397 automatic flue damper.

398 (2) Such efficiency standards, where in conflict with the State
399 Building Code, shall take precedence over the standards contained in
400 the Building Code. Not later than July 1, 2007, and biennially
401 thereafter, the **[**department**]** office, in consultation with the **[**secretary**]**
402 Department of Public Utility Control, shall review and increase the
403 level of such efficiency standards by adopting regulations in
404 accordance with the provisions of chapter 54 upon a determination
405 that increased efficiency standards would serve to promote energy
406 conservation in the state and would be cost-effective for consumers
407 who purchase and use such new products, provided no such increased

408 efficiency standards shall become effective within one year following
409 the adoption of any amended regulations providing for such increased
410 efficiency standards.

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

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

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

441 subsection or those specified in the State Building Code.

442 (g) Manufacturers of new products set forth in subsection (b) of this
443 section or designated by the [department] office shall certify to the
444 secretary that such products are in compliance with the provisions of
445 this section. The [department] office, in consultation with the
446 [secretary] Department of Public Utility Control, shall promulgate
447 regulations governing the certification of such products. The secretary
448 shall publish an annual list of such products.

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

455 Sec. 14. Subsection (a) of section 16a-48 of the general statutes is
456 amended by adding subdivisions (23) to (42), inclusive, as follows
457 (*Effective October 1, 2007*):

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

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

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

466 (NEW) (26) "Residential furnace or boiler" means a product that
467 utilizes only single-phase electric current, or single-phase electric
468 current or DC current in conjunction with natural gas, propane or
469 home heating oil, and which (A) is designed to be the principal heating
470 source for the living space of a residence; (B) is not contained within
471 the same cabinet with a central air conditioner with a rated cooling

472 capacity of not less than 65,000 BTUs per hour; (C) is an electric central
473 furnace, electric boiler, forced-air central furnace, gravity central
474 furnace, or low pressure steam or hot water boiler; and (D) has a heat
475 input rate of less than 300,000 BTUs per hour for electric boilers and
476 low pressure steam or hot water boilers and less than 225,000 BTUs per
477 hour for forced-air central furnaces, gravity central furnaces and
478 electric central furnaces;

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

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

488 (NEW) (29) "Medium voltage dry-type distribution transformer"
489 means a transformer that (A) has an input voltage of not less than 600
490 volts but not more than 34,500 volts; (B) is air-cooled; (C) does not use
491 oil as a coolant; and (D) is rated for operation at a frequency of 60
492 Hertz. "Medium voltage dry-type distribution transformer" does not
493 mean devices with multiple voltage taps, with the highest voltage tap
494 not less than twenty per cent more than the lowest voltage tap, or
495 devices that are designed to be used in a special purpose application
496 and are unlikely to be used in general purpose applications including
497 drive transformers, rectifier transformers, auto transformers,
498 uninterruptible power system transformers, impedance transformers,
499 regulating transformers, sealed and nonventilating transformers,
500 machine tool transformers, welding transformers, grounding
501 transformers or testing transformers;

502 (NEW) (30) "Metal halide lamp" means a high intensity discharge
503 lamp in which the major portion of the light is produced by radiation
504 of metal halides and their products of dissociation, possibly in

505 combination with metallic vapors;

506 (NEW) (31) "Metal halide lamp fixture" means a light fixture
507 designed to be operated with a metal halide lamp and a ballast for a
508 metal halide lamp;

509 (NEW) (32) "Probe start metal halide ballast" means a ballast used to
510 operate metal halide lamps that does not contain an ignitor and that
511 instead starts lamps by using a third starting electrode probe in the arc
512 tube;

513 (NEW) (33) "Single voltage external AC to DC power supply" means
514 a device that (A) is designed to convert line voltage AC input into
515 lower voltage DC output; (B) is able to convert to only one DC output
516 voltage at a time; (C) is sold with, or intended to be used with, a
517 separate end-use product that constitutes the primary power load; (D)
518 is contained within a separate physical enclosure from the end-use
519 product; (E) is connected to the end-use product in a removable or
520 hard-wired male and female electrical connection, cable, cord or other
521 wiring; (F) does not have batteries or battery packs, including those
522 that are removable or that physically attach directly to the power
523 supply unit; (G) does not have a battery chemistry or type selector
524 switch and indicator light, or does not have a battery chemistry or type
525 selector switch and a state of charge meter; and (H) has a nameplate
526 output power less than or equal to 250 watts;

527 (NEW) (34) "State regulated incandescent reflector lamp" means a
528 lamp that is not colored or designed for rough or vibration service
529 applications, that has an inner reflective coating on the outer bulb to
530 direct the light, and E26 medium screw base, and a rated voltage or
531 voltage range that lies at least partially within 115 to 130 volts, and that
532 falls into one of the following categories: (A) A bulged reflector or
533 elliptical reflector or a blown PAR bulb shape and that has a diameter
534 that equals or exceeds 2.25 inches, or (B) a reflector, parabolic
535 aluminized reflector, bulged reflector or similar bulb shape and that
536 has a diameter of 2.25 to 2.75 inches. "State regulated incandescent
537 reflector lamp" does not include ER30, BR30, BR40 and ER40 lamps of

538 not more than fifty watts, BR30, BR40 and ER40 lamps of sixty-five
539 watts and R20 lamps of not more than forty-five watts;

540 (NEW) (35) "Bottle-type water dispenser" means a water dispenser
541 that uses a bottle or reservoir as the source of potable water;

542 (NEW) (36) "Commercial hot food holding cabinet" means a heated,
543 fully-enclosed compartment with one or more solid or partial glass
544 doors that is designed to maintain the temperature of hot food that has
545 been cooked in a separate appliance. "Commercial hot food holding
546 cabinet" does not include heated glass merchandizing cabinets, drawer
547 warmers or cook-and-hold appliances;

548 (NEW) (37) "Pool heater" means an appliance designed for heating
549 nonpotable water contained at atmospheric pressure for swimming
550 pools, spas, hot tubs and similar applications, including natural gas,
551 heat pump, oil and electric resistance pool heaters;

552 (NEW) (38) "Portable electric spa" means a factory-built electric spa
553 or hot tub, supplied with equipment for heating and circulating water;

554 (NEW) (39) "Residential pool pump" means a pump used to
555 circulate and filter pool water in order to maintain clarity and
556 sanitation;

557 (NEW) (40) "Walk-in refrigerator" means a space refrigerated to
558 temperatures at or above thirty-two degrees Fahrenheit that can be
559 walked into and is designed for the refrigerated storage of food and
560 food products;

561 (NEW) (41) "Walk-in freezer" means a space refrigerated to
562 temperatures below thirty-two degrees Fahrenheit that can be walked
563 into and is designed for the frozen storage of food and food products;

564 (NEW) (42) "Central air conditioner" means a central air
565 conditioning model that consists of one or more factory-made
566 assemblies, which normally include an evaporator or cooling coil,
567 compressor and condenser. Central air conditioning models may

568 provide the function of air cooling, air cleaning, dehumidifying or
569 humidifying.

570 Sec. 15. Subsection (b) of section 16a-48 of the general statutes is
571 repealed and the following is substituted in lieu thereof (*Effective*
572 *October 1, 2007*):

573 (b) The provisions of this section apply to the testing, certification
574 and enforcement of efficiency standards for the following types of new
575 products sold, offered for sale or installed in the state: (1) Commercial
576 clothes washers; (2) commercial refrigerators and freezers; (3)
577 illuminated exit signs; (4) large packaged air-conditioning equipment;
578 (5) low voltage dry-type distribution transformers; (6) torchiere
579 lighting fixtures; (7) traffic signal modules; (8) unit heaters; (9)
580 residential furnaces and boilers; (10) medium voltage dry-type
581 transformers; (11) metal halide lamp fixtures; (12) single voltage
582 external AC to DC power supplies; (13) state regulated incandescent
583 reflector lamps; (14) bottle-type water dispensers; (15) commercial hot
584 food holding cabinets; (16) portable electric spas; (17) walk-in
585 refrigerators and walk-in freezers; (18) pool heaters; (19) central air
586 conditioners; and **[**(9)**]** (20) any other products as may be designated by
587 the department in accordance with subdivision (3) of subsection (d) of
588 this section.

589 Sec. 16. Subdivision (1) of subsection (d) of section 16a-48 of the
590 general statutes is repealed and the following is substituted in lieu
591 thereof (*Effective October 1, 2007*):

592 (d) (1) **[**Not later than July 1, 2005, the**]** The department, in
593 consultation with the secretary, shall adopt regulations, in accordance
594 with the provisions of chapter 54, to implement the provisions of this
595 section and to establish minimum energy efficiency standards for the
596 types of new products set forth in subsection (b) of this section. The
597 regulations shall provide for the following minimum energy efficiency
598 standards:

599 (A) Commercial clothes washers shall meet the requirements shown

600 in Table P-3 of section 1605.3 of the California Code of Regulations,
601 Title 20: Division 2, Chapter 4, Article 4;

602 (B) [commercial] Commercial refrigerators and freezers shall meet
603 the August 1, 2004, requirements shown in Table A-6 of [said
604 California regulation] the California Code of Regulations, Title 20:
605 Division 2, Chapter 4, Article 4;

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

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

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

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

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

626 (H) [traffic] Traffic signal modules shall meet the product
627 specification of the "Energy Star Program Requirements for Traffic
628 Signals" developed by the United States Environmental Protection
629 Agency that took effect in February, 2001, except where the
630 department, in consultation with the Commissioner of Transportation,

631 determines that such specification would compromise safe signal
632 operation;

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

635 (J) On or after January 1, 2009, residential furnaces and boilers
636 purchased by the state shall meet or exceed the following annual fuel
637 utilization efficiency: (i) For gas and propane furnaces, ninety per cent
638 annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per
639 cent annual fuel utilization efficiency, (iii) for gas and propane hot
640 water boilers, eighty-four per cent annual fuel utilization efficiency,
641 (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel
642 utilization efficiency, (v) for gas and propane steam boilers, eighty-two
643 per cent annual fuel utilization efficiency, (vi) for oil-fired steam
644 boilers, eighty-two per cent annual fuel utilization efficiency, and (vii)
645 for furnaces with furnace air handlers, an electricity ratio of not more
646 than 2.0, except air handlers for oil furnaces with a capacity of less than
647 94,000 BTUs per hour shall have an electricity ratio of 2.3 or less;

648 (K) On or after January 1, 2009, medium voltage dry-type
649 distribution transformers shall meet minimum efficiency levels three-
650 tenths of a percentage point higher than the Class I efficiency levels for
651 medium voltage distribution transformers specified in Table 4-2 of the
652 "Guide for Determining Energy Efficiency for Distribution
653 Transformers" published by the National Electrical Manufacturers
654 Association in 2002;

655 (L) On or after January 1, 2010, metal halide lamp fixtures designed
656 to be operated with lamps rated greater than or equal to 150 watts but
657 less than or equal to 500 watts shall not contain a probe-start metal
658 halide lamp ballast;

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

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

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

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

686 (P) On or after January 1, 2009, pool heaters shall meet the efficiency
687 requirements of sections 1605.1 and 1605.3 of the January 2006
688 California Code of Regulations, Title 20, Division 2, Chapter 4, Article
689 4: Appliance Efficiency Regulations.

690 Sec. 17. Subsection (g) of section 16a-48 of the general statutes is
691 repealed and the following is substituted in lieu thereof (*Effective*
692 *October 1, 2007*):

693 (g) Manufacturers of new products set forth in subsection (b) of this
694 section or designated by the department shall certify to the secretary

695 that such products are in compliance with the provisions of this
696 section, except that certification is not required for single voltage
697 external AC to DC power supplies and walk-in refrigerators and walk-
698 in freezers. All single voltage external AC to DC power supplies shall
699 be labeled as described in the January 2006 California Code of
700 Regulations, Title 20, Section 1607 (9). The department, in consultation
701 with the secretary, shall promulgate regulations governing the
702 certification of such products. The secretary shall publish an annual list
703 of such products.

704 Sec. 18. Section 4a-67c of the general statutes is repealed and the
705 following is substituted in lieu thereof (*Effective October 1, 2007*):

706 The Department of Administrative Services and each other
707 budgeted agency, as defined in section 4-69, exercising procurement
708 authority shall procure equipment and appliances for state use which
709 meet or exceed the federal energy conservation standards set forth in
710 the Energy Policy and Conservation Act, 42 USC 6295, any federal
711 regulations adopted thereunder, **[**and**]** any applicable energy
712 performance standards established in accordance with subsection (j) of
713 section 16a-38 and meet or exceed the federal Energy Star standards.
714 Purchases of equipment and appliances for which energy performance
715 standards have been established pursuant to subsection (j) of section
716 16a-38 shall be (1) made from among those specific models of
717 equipment and appliances which meet such standards, and (2) based,
718 when possible, on competitive bids. Such bids shall be evaluated on
719 the basis of the life-cycle cost standards, if any, established pursuant to
720 subsection (b) of section 16a-38.

721 Sec. 19. (NEW) (*Effective January 1, 2008*) (a) On or before June 1,
722 2007, the Department of Public Utility Control shall conduct a
723 contested case proceeding, in accordance with chapter 54 of the
724 general statutes, to determine a municipal electric utility's pro rata
725 share of the one-time awards made to customer-side distributed
726 resources made pursuant to subsection (a) of section 16-243i of the
727 general statutes, as amended by this act, in order for customers in its

service area to qualify for such awards. Said pro rata 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. The pro rata share that is not paid by the municipal electric utilities shall be recovered through federally mandated congestion charges in nonmunicipal electric utility service areas and shall be paid in equal semi-annual payments for a period of not more than five years.

(b) In order to qualify for such an award, 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. 20. Section 16-243r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

The provisions of sections 7-233y, 16-1, <u>as amended by this act,</u> 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-243i to 16-243q, inclusive, 16-244c, <u>as amended by this act,</u> 16-244e, 16-245d, 16-245m, 16-245n, <u>as amended by this act,</u> 16-245z and 16-262i and section 21 of public act 05-1 of the June special session*, apply to <u>new</u> customer-side distributed resources and grid-side distributed resources developed in this state that add electric capacity on and after January 1, 2006, and <u>shall also apply to customer-side distributed resources and grid-side distributed resources developed in this state prior to January 1, 2007, that (1) have undergone upgrades that increase the resource's thermal efficiency operating level 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</u> in accordance with the provisions of said sections 7-233y, 16-1, <u>as amended by this act,</u> 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-243i to 16-243q, inclusive, 16-244c, <u>as amended by this act,</u> 16-

761 244e, 16-245d, 16-245m, 16-245n, as amended by this act, 16-245z and
762 16-262i and section 21 of public act 05-1 of the June special session*.

763 Sec. 21. (NEW) (*Effective January 1, 2008*) Any municipality may, by
764 vote of its legislative body or, in a municipality where the legislative
765 body is a town meeting, by vote of the board of selectmen, provide a
766 property tax exemption to any owner of a motor vehicle exempt from
767 sales and use taxes under subdivision (110) or (115) of section 12-412 of
768 the general statutes, as amended by this act.

769 Sec. 22. Subdivision (110) of section 12-412 of the general statutes is
770 repealed and the following is substituted in lieu thereof (*Effective*
771 *January 1, 2008*):

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

776 Sec. 23. (NEW) (*Effective from passage*) As used in sections 24 to 38,
777 inclusive, of this act:

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

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

788 Sec. 24. (NEW) (*Effective from passage*) (a) Any municipality may, by
789 vote of its legislative body, establish an energy improvement district
790 within such municipality. The affairs of any such district shall be
791 administered by an Energy Improvement District Board. The members

792 of any such board shall be appointed by the chief elected official of the
793 municipality and shall serve for such term as the legislative body may
794 prescribe and until their successors are appointed and have qualified.
795 Vacancies shall be filed by the chief elected official for the unexpired
796 portion of the term. The members of each such board shall serve
797 without compensation, except for necessary expenses.

798 (b) After a vote by a municipality to establish an energy
799 improvement district, the chief elected official of the municipality shall
800 notify each property owner of record within said district by mail of
801 said action. An owner may record on the land records in the
802 municipality its decision to participate in the energy improvement
803 district and the provisions of sections 24 to 38, inclusive, of this act.
804 Any owner of record, including any new owner of record, may rescind
805 said decision at any time.

806 Sec. 25. (NEW) (*Effective from passage*) (a) An Energy Improvement
807 District Board shall fund energy improvement district distributed
808 resources in its district and shall prepare a comprehensive plan, in
809 consultation with the Connecticut Center for Advanced Technology,
810 for the development and financing of such resources, except on state or
811 federally owned properties, with a view to the increase and efficiency,
812 reliability and the furtherance of commerce and industry in the energy
813 improvement district. The board may lease or acquire office space and
814 equip the same with suitable furniture and supplies for the
815 performance of work of the board, and may employ such personnel as
816 may be necessary for such performance. The board also shall have
817 power to:

818 (1) Sue and be sued;

819 (2) Have a seal and alter the same;

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

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

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

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

837 (7) Make contracts and leases, loans and execute all instruments
838 necessary or convenient to carry out their duties under the provision of
839 this section, including the lending of proceeds of bonds issued in
840 accordance with subdivision (9) of this section, to owners, lessees or
841 occupants of facilities in the energy improvement district;

842 (8) Fix fees, rates, rentals or other charges for the purpose of all
843 energy improvement district distributed resources owned by the
844 Energy Improvements District Board and collect such fees, rates,
845 rentals and other charges for such facilities owned by the board, which
846 fees, rates, rentals or other charges shall be sufficient to comply with
847 all covenants and agreements with the holders of any bonds issued
848 pursuant to section 26 of this act;

849 (9) Operate and maintain all energy improvement district
850 distributed resources owned or leased by the board and use the
851 revenues from such resources for the corporate purposes of the board
852 in accordance with any covenants or agreements contained in the
853 proceedings authorizing the issuance of bonds pursuant to section 26
854 of this act;

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

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

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

868 (b) Nothing in the provisions of sections 24 to 38, inclusive, of this
869 act shall be construed to authorize an Energy Improvement District to:

870 (1) Be an electric distribution company, as defined in section 16-1 of
871 the general statutes, as amended by this act, or provide electric
872 distribution or electric transmission services, as defined in said section
873 16-1, or own or operate assets to provide such services;

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

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

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

882 (5) Acquire property by eminent domain.

883 Sec. 26. (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 28 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 the face, shall not be a debt of the state or any political subdivision thereof, except when the board or a participating municipality which, in accordance with section 35 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

919 indebtedness of any participating municipality. Bonds of the board are
920 declared to be issued for an essential public and governmental
921 purpose. In anticipation of the sale of such revenue bonds the board
922 may issue negotiable bond anticipation notes and may renew the same
923 from time to time, but the maximum maturity of any such note,
924 including renewals thereof, shall not exceed five years from the date of
925 issue of the original note. Such notes shall be paid from any revenues
926 of the board available therefor and not otherwise pledged, or from the
927 proceeds of sale of the revenue bonds of the Energy Improvement
928 District Board in anticipation of which they were issued. The notes
929 shall be issued in the same manner as the revenue bonds. Such notes
930 and the resolution or resolutions authorizing the same may contain
931 any provisions, conditions or limitations which a bond resolution of
932 the board may contain.

933 (b) An Energy Improvement District Board may issue bonds as
934 serial bonds or as term bonds, or both. Bonds shall be authorized by
935 resolution of the members of the authority and shall bear such date or
936 dates, mature at such time or times, not exceeding twenty years from
937 their respective dates, bear interest at such rate or rates, or have
938 provisions for the manner of determining such rate or rates, payable at
939 such time or times, be in such denominations, be in such form, either
940 coupon or registered, carry such registration privileges, be executed in
941 such manner, be payable in lawful money of the United States of
942 America at such place or places, and be subject to such terms of
943 redemption, as such resolution or resolutions may provide. The
944 revenue bonds or notes may be sold at public or private sale for such
945 price or prices as the Energy Improvement District Board shall
946 determine. Pending preparation of the definitive bonds, the Energy
947 Improvement District Board may issue interim receipts or certificates
948 which shall be exchanged for such definitive bonds.

949 (c) Any resolution or resolutions authorizing any revenue bonds or
950 any issue of revenue bonds may contain provisions, which shall be
951 part of the contract with the holders of the revenue bonds to be
952 authorized, as to: (1) Pledging all or any part of the revenues of a

953 project or any revenue-producing contract or contracts made by the
954 Energy Improvement District Board with any individual, partnership,
955 corporation or association or other body, public or private, to secure
956 the payment of the revenue bonds or of any particular issue of revenue
957 bonds, subject to such agreements with bondholders as may then exist;
958 (2) the rentals, fees and other charges to be charged, and the amounts
959 to be raised in each year thereby, and the use and disposition of the
960 revenues; (3) the setting aside of reserves or sinking funds or other
961 funds or accounts as the board may establish and the regulation and
962 disposition thereof, including requirements that any such funds and
963 accounts be held separate from or not be commingled with other funds
964 of the board; (4) limitations on the right of the board or its agent to
965 restrict and regulate the use of the project; (5) limitations on the
966 purpose to which the proceeds of sale of any issue of revenue bonds
967 then or thereafter to be issued may be applied and pledging such
968 proceeds to secure the payment of the revenue bonds or any issue of
969 the revenue bonds; (6) limitations on the issuance of additional bonds,
970 the terms upon which additional bonds may be issued and secured,
971 the refunding of outstanding bonds; (7) the procedure, if any, by which
972 the terms of any contract with bondholders may be amended or
973 abrogated, the amount of bonds the holders of which must consent
974 thereto, and the manner in which such consent may be given; (8)
975 limitations on the amount of moneys derived from the project to be
976 expended for operating, administrative or other expenses of the board;
977 (9) defining the acts or omissions to act that shall constitute a default in
978 the duties of the board to holders of its obligations and providing the
979 rights and remedies of such holders in the event of a default; (10) the
980 mortgaging of a project and the site thereof for the purpose of securing
981 the bondholder; and (11) provisions for the execution of
982 reimbursement agreements or similar agreements in connection with
983 credit facilities, including, but not limited to, letters of credit or policies
984 of bond insurance, remarketing agreements and agreements for the
985 purpose of moderating interest rate fluctuations.

986 (d) If any member whose signature or a facsimile of whose
987 signature appears on any bonds or coupons ceases to be such member

988 before delivery of such bonds, such signature or such facsimile shall
989 nevertheless be valid and sufficient for all purposes the same as if he
990 had remained in office until such delivery. Notwithstanding the
991 provisions of sections 24 to 38, inclusive, of this act, or any recitals in
992 any bonds issued under the provisions of this section, all such bonds
993 shall be deemed to be negotiable instruments under the provisions of
994 the general statutes.

995 (e) Unless otherwise provided by the ordinance creating the Energy
996 Improvement District Board, bonds may be issued under the
997 provisions of this section, without obtaining the consent of the state or
998 of any political subdivision thereof, and without any other proceedings
999 or the happening of other conditions or things than those proceedings,
1000 conditions or things which are specifically required by sections 23 to
1001 38, inclusive, of this act.

1002 (f) An Energy Improvement District Board may, out of any of any
1003 funds available to it, purchase its bonds or notes. The Energy
1004 Improvement District Board may hold, pledge, cancel or resell such
1005 bonds, subject to and in accordance with agreements with
1006 bondholders.

1007 (g) An Energy Improvement District Board shall cause a copy of any
1008 bond resolutions adopted by it to be filed for public inspection in its
1009 office and in the office of the clerk of each participating municipality
1010 and may thereupon cause to be published at least once, in a newspaper
1011 published or circulating in each participating municipality, a notice
1012 stating the fact and date of such adoption and the places where such
1013 bond resolution has been so filed for public inspection and the date of
1014 the first publication of such notice and also stating that any action or
1015 proceeding of any kind or nature in any court questioning the validity
1016 or proper authorization of bonds provided for by the bond resolution,
1017 or the validity of any covenants, agreements or contracts provided for
1018 by the bond resolution, shall be commenced not later than twenty days
1019 after the first publication of such notice. If any such notice is published
1020 and if no action or proceeding question the validity or proper

1021 authorization of bonds provided for by the bond resolution referred to
1022 in such notice, or the validity of any covenants, agreements, contracts
1023 provided for by the bond resolution is commenced or instituted not
1024 later than twenty days after the first publication of said notice, then all
1025 residents and taxpayers and owners of property in each participating
1026 municipality and all other persons shall be forever barred and
1027 foreclosed from instituting or commencing any action or proceeding in
1028 any court, or from pleading any defense to any action or proceeding,
1029 questioning the validity or proper authorization of such bonds, or the
1030 validity of such covenants, agreements or contracts, and said bonds,
1031 covenants, agreements and contracts shall be conclusively deemed to
1032 be valid and binding obligations in accordance with their terms and
1033 tenor.

1034 (h) Notwithstanding any provision of the general statutes, (1) the
1035 state shall not have any liability or responsibility with regard to any
1036 obligation issued by the board, and (2) no political subdivision of the
1037 state shall have any liability or responsibility with regard to any
1038 obligation issued by the board except as expressly provided by
1039 sections 24 to 38, inclusive, of this act.

1040 Sec. 27. (NEW) (*Effective from passage*) An Energy Improvement
1041 District Board may secure any bonds issued under the provisions of
1042 section 26 of this act by a trust indenture by way of conveyance, deed
1043 of trust or mortgage of any project or any other property of the board,
1044 whether or not financed in whole or in part from the proceeds of such
1045 bonds, or by a trust agreement by and between the board and a
1046 corporate trustee, which may be any trust company or bank having the
1047 powers of a trust company within or without the state or by both such
1048 conveyance, deed of trust or mortgage and indenture or trust
1049 agreement. Such trust indenture or agreement may pledge or assign
1050 any or all fees, rents and other charges to be received or proceeds of
1051 any contract or contracts pledged, and may convey or mortgage any
1052 property of the board. Such trust indenture or agreement may contain
1053 such provisions for protecting and enforcing the right and remedies of
1054 the bondholders as may be reasonable and proper and not in violation

1055 of law, including provisions that have been specifically authorized to
1056 be included in any resolution or resolutions of the board authorizing
1057 the issue of bonds. Any bank or trust company incorporated under the
1058 laws of the state may act as depository of the proceeds of such bonds
1059 or of revenues or other moneys and may furnish such indemnifying
1060 bonds or pledge such securities as may be required by the board. Such
1061 trust indenture may set forth rights and remedies of the bondholders
1062 and of the trustee, and may restrict the individual right of action by
1063 bondholders. In addition to the foregoing, such trust indenture or
1064 agreement may contain such other provisions as the board may deem
1065 reasonable and proper for the security of the bondholders. All
1066 expenses incurred in carrying out the provisions of such trust
1067 indenture or agreement may be treated as part of the cost of a project.

1068 Sec. 28. (NEW) (*Effective from passage*) (a) An Energy Improvement
1069 District Board may fix, revise, charge and collect rates, rents, fees and
1070 charges for the use of and for the services furnished or to be furnished
1071 by each project and to contract with any person, partnership,
1072 association or corporation, or other body, public or private, in respect
1073 thereof. Such rates, rents, fees and charges shall be fixed and adjusted
1074 in respect of the aggregate of rates, rents, fees and charges from such
1075 project so as to provide funds sufficient with other revenues, if any, (1)
1076 to pay the cost of maintaining, repairing and operating the project and
1077 each and every portion thereof, to the extent that the payment of such
1078 cost has not otherwise been adequately provided for, (2) to pay the
1079 principal of and the interest on outstanding revenue bonds of the
1080 board issued in respect of such project as the same shall become due
1081 and payable, and (3) to create and maintain reserves required or
1082 provided for in any resolution authorizing, or trust agreement
1083 securing, such revenue bonds of the board. Such rates, rents, fees and
1084 charges shall not be subject to supervision or regulation by any
1085 department, commission, board, body, bureau or agency of this state
1086 other than the board. A sufficient amount of the revenues derived in
1087 respect of a project, except such part of such revenues as may be
1088 necessary to pay the cost of maintenance, repair and operation and to
1089 provide reserves and for renewals, replacements, extensions,

1090 enlargements and improvements as may be provided for in the
1091 resolution authorizing the issuance of any revenue bonds of the board
1092 or in the trust agreement securing the same, shall be set aside at such
1093 regular intervals as may be provided in such resolution or trust
1094 agreement in a sinking or other similar fund which is hereby pledged
1095 to, and charged with, the payment of the principal of and the interest
1096 on such revenue bonds as the same shall become due, and the
1097 redemption price or the purchase price of bonds retired by call or
1098 purchase as therein provided. Such pledge shall be valid and binding
1099 from the time when the pledge is made; the rates, rents, fees and
1100 charges and other revenues or other moneys so pledged and thereafter
1101 received by the board shall immediately be subject to the lien of any
1102 such pledge, without any physical delivery thereof or further act, and
1103 the lien of any such pledge shall be valid and binding as against all
1104 parties having claims of any kind in tort, contract or otherwise against
1105 the board, irrespective of whether such parties have notice thereof.
1106 Neither the resolution nor any trust indenture or agreement by which
1107 a pledge is created need be filed or recorded except in the records of
1108 the board. The use and disposition of moneys to the credit of such
1109 sinking or other similar fund shall be subject to the provisions of the
1110 resolution authorizing the issuance of such bonds or of such trust
1111 agreement. Except as may otherwise be provided in such resolution or
1112 such trust indenture or agreement, such sinking or other similar fund
1113 shall be a fund for all revenue bonds issued to finance a project of such
1114 board without distinction or priority of one over another.

1115 (b) All moneys received by the board pursuant to sections 24 to 38,
1116 inclusive, of this act, whether as proceeds from the sale of bonds or as
1117 revenues, shall be deemed to be trust funds to be held and applied
1118 solely as provided pursuant to this section.

1119 Sec. 29. (NEW) (*Effective from passage*) Any holder of bonds, notes,
1120 certificates or other evidences of borrowing issued under the
1121 provisions of section 26 of this act, or of any of the coupons
1122 appertaining thereto, and the trustee under any trust indenture or
1123 agreement, except to the extent the right may be restricted by such

1124 trust indenture or agreement, may, either at law or in equity, by suit,
1125 action, injunction, mandamus or other proceedings, protect and
1126 enforce any and all rights under the provisions of the general statutes
1127 or granted by sections 24 to 38, inclusive, of this act, or under such
1128 trust indenture or agreement or the resolution authorizing the issuance
1129 of such bonds, notes or certificates, and may enforce and compel the
1130 performance of all duties required by said section or by such trust
1131 indenture or agreement or solution to be performed by the Energy
1132 Improvement District Board or by any officer or agent thereof,
1133 including the fixing, charging and collection of fees, rents and other
1134 charges.

1135 Sec. 30. (NEW) (*Effective from passage*) An Energy Improvement
1136 District Board, in the exercise of its powers granted pursuant to
1137 sections 24 to 38, inclusive, of this act, shall be for the benefit of the
1138 inhabitants of the state, for the increase of their commerce and for the
1139 promotion of their safety, health, welfare, convenience and prosperity,
1140 and as the operation and maintenance of any project which the board
1141 is authorized to undertake constitute the performance of an essential
1142 governmental function, no board shall be required to pay any taxes or
1143 assessments upon any project acquired and constructed by it under the
1144 provisions of said sections. The bonds, notes, certificates or other
1145 evidences of debt issued under the provisions of section 26 of this act,
1146 their transfer and the income therefrom, including any profit made on
1147 the sale thereof, shall at all times be free and exempt from taxation by
1148 the state and by any political subdivision thereof.

1149 Sec. 31. (NEW) (*Effective from passage*) Bonds issued by an Energy
1150 Improvement District Board pursuant to section 26 of this act, shall be
1151 securities in which all public officers and public bodies of the state and
1152 its political subdivisions, all insurance companies, trust companies,
1153 banking associations, investment companies and executors,
1154 administrators, trustees and other fiduciaries may properly and legally
1155 invest funds, including capital in their control or belonging to them.
1156 Such bonds shall be securities that may properly and legally be
1157 deposited with and received by any state or municipal officer or any

1158 agency or political subdivision of the state for any purpose for which
1159 the deposit of bonds or obligations is now or may hereafter be
1160 authorized by law.

1161 Sec. 32. (NEW) (*Effective from passage*) A municipality may, by
1162 ordinance, and any other governmental unit may, without any
1163 referendum or public or competitive bidding, and any person may sell,
1164 lease, lend, grant or convey to an Energy Improvement District Board,
1165 or to permit a board to use, maintain or operate as part of any
1166 distributed resource facility, any real or personal property that may be
1167 necessary or useful and convenient for the purposes of the board and
1168 accepted by the board. Any such sale, lease, loan, grant, conveyance or
1169 permit may be made or given with or without consideration and for a
1170 specified or an unlimited period of time and under any agreement and
1171 on any terms and conditions that may be approved by such
1172 municipality, governmental unit or person and that may be agreed to
1173 by the board in conformity with its contract with the holders of any
1174 bonds. Subject to any such contracts with the holders of bonds, the
1175 board may enter into and perform any and all agreements with respect
1176 to property so purchased, leased, borrowed, received or accepted by it,
1177 including agreements for the assumption of principal or interest or
1178 both of indebtedness of such municipality, governmental unit or
1179 person or of any mortgage or lien existing with respect to such
1180 property or for the operation and maintenance of such property as part
1181 of any energy improvement district distributed resources facility.

1182 Sec. 33. (NEW) (*Effective from passage*) A municipality, governmental
1183 unit or person may enter into and perform any lease or other
1184 agreement with any Energy Improvement District Board for the lease
1185 or other agreement with any municipality, governmental unit or
1186 person of all or any part of any energy improvement district
1187 distributed resource facility or facilities. Any such lease or other
1188 agreement may provide for the payment to the board by such
1189 municipality, governmental unit or person, annually or otherwise, of
1190 such sum or sums of money, computed at fixed amount or by any
1191 formula or in any other manner, as may be so fixed or computed. Any

1192 such lease or other agreement may be made and entered into for a
1193 term beginning currently or at some future or contingent date and
1194 with or without consideration and for a specified or unlimited time
1195 and on any terms and conditions which may be approved by such
1196 municipality, governmental unit or person and which may be agreed
1197 to by the board in conformity with its contract with the holders of any
1198 bonds, and shall be valid and binding on such municipality,
1199 governmental unit or person whether or not an appropriation is made
1200 thereby prior to authorization or execution of such lease or other
1201 agreement. Such municipality, governmental unit or person shall do
1202 all acts and things necessary, convenient or desirable to carry out and
1203 perform any such lease or other agreement entered into by it and to
1204 provide for the payment or discharge of any obligation thereunder in
1205 the same manner as other obligations of such municipality,
1206 governmental unit or person.

1207 Sec. 34. (NEW) (*Effective from passage*) For the purpose of aiding an
1208 Energy Improvement District Board, a municipality, by ordinance or
1209 by resolution of its legislative body, shall have power from time to
1210 time and for such period and upon such terms, with or without
1211 consideration, as may be provided by such resolution or ordinance and
1212 accepted by the board, (1) to appropriate moneys for the purposes of
1213 the board, and to loan or donate such money to the board in such
1214 installments and upon such terms as may be agreed upon with the
1215 board, (2) to covenant and agree with the board to pay to or on the
1216 order of the board annually or at shorter intervals as a subsidy for the
1217 promotion of its purposes not more than such sums of money as may
1218 be stated in such resolution or ordinance or computed in accordance
1219 therewith, (3) upon authorization by it in accordance with law of the
1220 performance of any act or thing which it is empowered by law to
1221 authorize and perform and after appropriation of the moneys, if any,
1222 necessary for such performance, to covenant and agree with the board
1223 to do and perform such act or thing and as to the time, manner and
1224 other details of its doing and performance, and (4) to appropriate
1225 money for all or any part of the cost of acquisition or construction of
1226 such facility, and, in accordance with the limitations and any

1227 exceptions thereto and in accordance with procedure prescribed by
1228 law, to incur indebtedness, borrow money and issue its negotiable
1229 bonds for the purpose of financing such distributed resource facility
1230 and appropriation, and to pay the proceeds of such bonds to the board.

1231 Sec. 35. (NEW) (*Effective from passage*) For the purpose of aiding an
1232 Energy Improvement District Board in the planning, undertaking,
1233 acquisition, construction or operation of any distributed resource
1234 facility, a participating municipality may, pursuant to resolution
1235 adopted by its legislative body in the manner provided for adoption of
1236 a resolution authorizing bonds of such municipality and with or
1237 without consideration and upon such terms and conditions as may be
1238 agreed to by and between the municipality and the board,
1239 unconditionally guarantee the punctual payment of the principal of
1240 and interest on any bonds of the board and pledge the full faith and
1241 credit of the municipality to the payment thereof. Any guarantee of
1242 bonds of the board made pursuant to this section shall be evidenced by
1243 endorsement thereof on such bonds, executed in the name of the
1244 municipality and on its behalf by such officer thereof as may be
1245 designated in the resolution authorizing such guaranty, and such
1246 municipality shall thereupon and thereafter be obligated to pay the
1247 principal of and interest on said bonds in the same manner and to the
1248 same extent as in the case of bonds issued by it. As part of the
1249 guarantee of the municipality for payment of principal and interest on
1250 the bonds, the municipality may pledge to and agree with the owners
1251 of bonds issued under this chapter and with those persons who may
1252 enter into contracts with the municipality or the board or any
1253 successor agency pursuant to the provisions of this chapter that it will
1254 not limit or alter the rights thereby vested in the bond owners, the
1255 board or any contracting party until such bonds, together with the
1256 interest thereon, are fully met and discharged and such contracts are
1257 fully performed on the part of the municipality or the board, provided
1258 nothing in this subsection shall preclude such limitation or alteration if
1259 and when adequate provisions shall be made by law for the protection
1260 of the owners of such bonds of the municipality or the board or those
1261 entering into such contracts with the municipality or the board. The

1262 board is authorized to include this pledge and undertaking for the
1263 municipality in such bonds or contracts. To the extent provided in
1264 such agreement or agreements, the obligations of the municipality
1265 thereunder shall be obligatory upon the municipality and the
1266 inhabitants and property thereof, and thereafter the municipality shall
1267 appropriate in each year during the term of such agreement, and there
1268 shall be available on or before the date when the same are payable, an
1269 amount of money that, together with other revenue available for such
1270 purpose, shall be sufficient to pay such principal and interest
1271 guaranteed by it and payable thereunder in that year, and there shall
1272 be included in the tax levy for each such year in an amount that,
1273 together with other revenues available for such purpose, shall be
1274 sufficient to meet such appropriation. Any such agreement shall be
1275 valid, binding and enforceable against the municipality if approved by
1276 action of the legislative body of such municipality. Any such guaranty
1277 of bonds of the board may be made, and any resolution authorizing
1278 such guaranty may be adopted, notwithstanding any statutory debt or
1279 other limitations, but the principal amount of bonds so guaranteed
1280 shall, after their issuance, be included in the gross debt of such
1281 municipality for the purpose of determining the indebtedness of such
1282 municipality under subsection (b) of section 7-374 of the general
1283 statutes. The principal amount of bonds so guaranteed and included in
1284 gross debt shall be deducted and is declared to be and to constitute a
1285 deduction from such gross debt under and for all the purposes of
1286 subsection (b) of said section 7-374, (1) from and after the time of
1287 issuance of said bonds until the end of the fiscal year beginning next
1288 after the completion of acquisition and construction of the distributed
1289 resource facility to be financed from the proceeds of such bonds, and
1290 (2) during any subsequent fiscal year if the revenues of the board in the
1291 preceding fiscal year are sufficient to pay its expenses of operation and
1292 maintenance in such year and all amounts payable in such year on
1293 account of the principal and interest on all such guaranteed bonds, all
1294 bonds of the municipality issued as provided in this section and all
1295 bonds of the Energy Improvement District Board issued under section
1296 26 of this act.

1297 Sec. 36. (NEW) (*Effective from passage*) Any lease or other agreement,
1298 and any instruments making or evidencing the same, may be pledged
1299 or assigned by the board established pursuant to section 24 of this act
1300 to secure its bonds and thereafter may not be modified except as
1301 provided by the terms of such instrument or by the terms of such
1302 pledge or assignment.

1303 Sec. 37. (NEW) (*Effective from passage*) All property of an Energy
1304 Improvement District Board shall be exempt from levy and sale by
1305 virtue of an execution and no execution or other judicial process shall
1306 issue against the same nor shall any judgment against the board be a
1307 charge or lien upon its property, provided nothing in this section shall
1308 apply to or limit the rights of the holder of any bonds to pursue any
1309 remedy for the enforcement of any pledge or lien given by the board
1310 on its facility revenues or other moneys.

1311 Sec. 38. (NEW) (*Effective from passage*) An Energy Improvement
1312 District Board and the municipality in which any property of the board
1313 is located may enter into agreements with respect to the payment by
1314 the board to such municipality of annual sums of money in lieu of
1315 taxes on such property in such amount as may be agreed upon
1316 between the board and the municipality. The board may make, and the
1317 municipality may accept, such payments and apply them in the
1318 manner in which taxes may be applied in such municipality, provided
1319 no such annual payment with respect to any parcel of such property
1320 shall exceed the amount of taxes paid thereon for the taxable year
1321 immediately prior to the time of its acquisition by the board.

1322 Sec. 39. Subsection (b) of section 16-243a of the general statutes is
1323 repealed and the following is substituted in lieu thereof (*Effective*
1324 *October 1, 2007*):

1325 (b) Each electric public service company, municipal electric energy
1326 cooperative and municipal electric utility shall: (1) Purchase any
1327 electrical energy and capacity made available, directly by a private
1328 power producer or indirectly under subdivision (4) of this subsection;
1329 (2) sell backup electricity to any private power producer in its service

1330 territory; (3) make such interconnections in accordance with the
1331 regulations adopted pursuant to subsection (h) of this section
1332 necessary to accomplish such purchases and sales; (4) upon approval
1333 by the Department of Public Utility Control of an application filed by a
1334 willing private power producer, transmit energy or capacity from the
1335 private power producer to any other such company, cooperative or
1336 utility or to another facility operated by the private power producer;
1337 and (5) offer to operate in parallel with a private power producer. In
1338 making a decision on an application filed under subdivision (4) of this
1339 subsection, the department shall consider whether such transmission
1340 would (A) adversely impact the customers of the company,
1341 cooperative or utility which would transmit energy or capacity to the
1342 private power producer, (B) result in an uncompensated loss for, or
1343 unduly burden, such company, cooperative, utility or private power
1344 producer, (C) impair the reliability of service of such company,
1345 cooperative or utility, or (D) impair the ability of the company,
1346 cooperative or utility to provide adequate service to its customers. The
1347 department shall issue a decision on such an application not later than
1348 one hundred twenty days after the application is filed, provided, the
1349 department may, before the end of such period and upon notifying all
1350 parties and intervenors to the proceeding, extend the period by thirty
1351 days. If the department does not issue a decision within one hundred
1352 twenty days after receiving such an application, or within one hundred
1353 fifty days if the department extends the period in accordance with the
1354 provisions of this subsection, the application shall be deemed to have
1355 been approved. The requirements under subdivisions (3), (4) and (5) of
1356 this subsection shall be subject to reasonable standards for operating
1357 safety and reliability and the nondiscriminatory assessment of costs
1358 against private power producers, approved by the Department of
1359 Public Utility Control with respect to electric public service companies
1360 or determined by municipal electric energy cooperatives and
1361 municipal electric utilities.

1362 Sec. 40. Section 16-243a of the general statutes is amended by adding
1363 subsection (h) as follows (*Effective October 1, 2007*):

1364 (NEW) (h) Not later than January 1, 2008, the Department of Public
1365 Utility Control shall issue a final decision regarding interconnection
1366 standards that promote the policies of this section and meet or exceed
1367 national standards of interconnectivity. If the department does not
1368 issue a final decision by October 1, 2008, each electric distribution
1369 company, municipal electric energy cooperative and municipal electric
1370 utility shall meet the standards set forth in Title 4, Chapter 4,
1371 Subchapter 9, "Net Metering and Interconnection Standards for Class I
1372 Renewable Energy Systems" of the New Jersey Administrative Code.

1373 Sec. 41. Subsection (a) of section 16-245n of the general statutes is
1374 repealed and the following is substituted in lieu thereof (*Effective*
1375 *October 1, 2007*):

1376 (a) For purposes of this section, "renewable energy" means solar
1377 photovoltaic energy, solar thermal energy, wind, ocean thermal
1378 energy, wave or tidal energy, fuel cells, landfill gas, hydropower that
1379 will meet the low-impact standards of the Low-Impact Hydropower
1380 Institute, hydrogen production and hydrogen conversion technologies,
1381 low emission advanced biomass conversion technologies, alternative
1382 fuel, including ethanol, biodiesel, or other fuel produced in
1383 Connecticut and derived from agricultural produce, food waste or
1384 waste vegetable oil, usable electricity from combined heat and power
1385 systems with waste heat recovery systems, thermal storage systems
1386 and other energy resources and emerging technologies which have
1387 significant potential for commercialization and which do not involve
1388 the combustion of coal, petroleum or petroleum products, municipal
1389 solid waste or nuclear fission.

1390 Sec. 42. Section 16-243h of the general statutes is repealed and the
1391 following is substituted in lieu thereof (*Effective October 1, 2007*):

1392 On and after January 1, 2000, each electric supplier or any electric
1393 distribution company providing standard offer, transitional standard
1394 offer, standard service or back-up electric generation service, pursuant
1395 to section 16-244c, as amended by this act, shall give a credit for any
1396 electricity generated by a **[**residential**]** customer from a Class I

1397 renewable energy source or a hydropower facility that has a nameplate
1398 capacity rating of two megawatts or less. The electric distribution
1399 company providing electric distribution services to such a customer
1400 shall make such interconnections necessary to accomplish such
1401 purpose. An electric distribution company, at the request of any
1402 residential customer served by such company and if necessary to
1403 implement the provisions of this section, shall provide for the
1404 installation of metering equipment that (1) measures electricity
1405 consumed by such customer from the facilities of the electric
1406 distribution company, (2) deducts from the measurement the amount
1407 of electricity produced by the customer and not consumed by the
1408 customer, and (3) registers, for each billing period, the net amount of
1409 electricity either (A) consumed and produced by the customer, or (B)
1410 the net amount of electricity produced by the customer. If, in a given
1411 monthly billing period, a customer-generator supplies more electricity
1412 to the electric distribution system than the electric distribution
1413 company or electric supplier delivers to the customer-generator, the
1414 electric distribution company and electric supplier shall credit the
1415 customer-generator for the excess by reducing the customer-
1416 generator's bill for the next monthly billing period to compensate for
1417 the excess electricity from the customer-generator in the previous
1418 billing period. The electric distribution company and electric supplier
1419 shall carry over credit earned from monthly billing period to monthly
1420 billing period, and the credit shall accumulate until the end of the
1421 annualized period. At the end of each annualized period, the electric
1422 distribution company and electric supplier shall compensate the
1423 customer-generator for any excess kilowatt-hours generated, at the
1424 avoided cost of wholesale power. A **[**residential**]** customer who
1425 generates electricity from a generating unit with a name plate capacity
1426 of more than ten kilowatts of electricity pursuant to the provisions of
1427 this section shall be assessed for the competitive transition assessment,
1428 pursuant to section 16-245g and the systems benefits charge, pursuant
1429 to section 16-245*l* based on the amount of electricity consumed by the
1430 customer from the facilities of the electric distribution company
1431 without netting any electricity produced by the customer. For

1432 purposes of this section, "residential customer" means a customer of a
1433 single-family dwelling or multifamily dwelling consisting of two to
1434 four units.

1435 Sec. 43. Section 16-245a of the general statutes is repealed and the
1436 following is substituted in lieu thereof (*Effective October 1, 2007*):

1437 (a) **[**On and after January 1, 2006, an**]** An electric supplier and an
1438 electric distribution company providing standard service or supplier of
1439 last resort service, pursuant to section 16-244c, as amended by this act,
1440 shall demonstrate:

1441 (1) On and after January 1, 2006, that not less than two per cent of
1442 the total output or services of any such supplier or distribution
1443 company shall be generated from Class I renewable energy sources
1444 and an additional three per cent of the total output or services shall be
1445 from Class I or Class II renewable energy sources; **[**.**]**

1446 (2) On and after January 1, 2007, not less than three and one-half per
1447 cent of the total output or services of any such supplier or distribution
1448 company shall be generated from Class I renewable energy sources
1449 and an additional three per cent of the total output or services shall be
1450 from Class I or Class II renewable energy sources; **[**.**]**

1451 (3) On and after January 1, 2008, not less than five per cent of the
1452 total output or services of any such supplier or distribution company
1453 shall be generated from Class I renewable energy sources and an
1454 additional three per cent of the total output or services shall be from
1455 Class I or Class II renewable energy sources; **[**.**]**

1456 (4) On and after January 1, 2009, not less than six per cent of the
1457 total output or services of any such supplier or distribution company
1458 shall be generated from Class I renewable energy sources and an
1459 additional three per cent of the total output or services shall be from
1460 Class I or Class II renewable energy sources; **[**.**]**

1461 (5) On and after January 1, 2010, not less than seven per cent of the
1462 total output or services of any such supplier or distribution company

1463 shall be generated from Class I renewable energy sources and an
1464 additional three per cent of the total output or services shall be from
1465 Class I or Class II renewable energy sources;

1466 (6) On and after January 1, 2011, not less than eight per cent of the
1467 total output or services of any such supplier or distribution company
1468 shall be generated from Class I renewable energy sources and an
1469 additional three per cent of the total output or services shall be from
1470 Class I or Class II renewable energy sources;

1471 (7) On and after January 1, 2012, not less than nine per cent of the
1472 total output or services of any such supplier or distribution company
1473 shall be generated from Class I renewable energy sources and an
1474 additional three per cent of the total output or services shall be from
1475 Class I or Class II renewable energy sources;

1476 (8) On and after January 1, 2013, not less than ten per cent of the
1477 total output or services of any such supplier or distribution company
1478 shall be generated from Class I renewable energy sources and an
1479 additional three per cent of the total output or services shall be from
1480 Class I or Class II renewable energy sources;

1481 (9) On and after January 1, 2014, not less than eleven per cent of the
1482 total output or services of any such supplier or distribution company
1483 shall be generated from Class I renewable energy sources and an
1484 additional three per cent of the total output or services shall be from
1485 Class I or Class II renewable energy sources;

1486 (10) On and after January 1, 2015, not less than twelve and one-half
1487 per cent of the total output or services of any such supplier or
1488 distribution company shall be generated from Class I renewable
1489 energy sources and an additional three per cent of the total output or
1490 services shall be from Class I or Class II renewable energy sources;

1491 (11) On and after January 1, 2016, not less than fourteen per cent of
1492 the total output or services of any such supplier or distribution
1493 company shall be generated from Class I renewable energy sources

1494 and an additional three per cent of the total output or services shall be
1495 from Class I or Class II renewable energy sources;

1496 (12) On and after January 1, 2017, not less than fifteen and one-half
1497 per cent of the total output or services of any such supplier or
1498 distribution company shall be generated from Class I renewable
1499 energy sources and an additional three per cent of the total output or
1500 services shall be from Class I or Class II renewable energy sources;

1501 (13) On and after January 1, 2018, not less than seventeen per cent of
1502 the total output or services of any such supplier or distribution
1503 company shall be generated from Class I renewable energy sources
1504 and an additional three per cent of the total output or services shall be
1505 from Class I or Class II renewable energy sources;

1506 (14) On and after January 1, 2019, not less than nineteen and one-
1507 half per cent of the total output or services of any such supplier or
1508 distribution company shall be generated from Class I renewable
1509 energy sources and an additional three per cent of the total output or
1510 services shall be from Class I or Class II renewable energy sources;

1511 (15) On and after January 1, 2020, not less than twenty per cent of
1512 the total output or services of any such supplier or distribution
1513 company shall be generated from Class I renewable energy sources
1514 and an additional three per cent of the total output or services shall be
1515 from Class I or Class II renewable energy sources.

1516 (b) An electric supplier or electric distribution company may satisfy
1517 the requirements of this section (1) by purchasing certificates issued by
1518 the New England Power Pool Generation Information System,
1519 provided the certificates are for (A) energy produced by a generating
1520 unit using Class I or Class II renewable energy sources and the
1521 generating unit is located in the jurisdiction of the regional
1522 independent system operator, or (B) energy imported into the control
1523 area of the regional independent system operator pursuant to New
1524 England Power Pool Generation Information System Rule 2.7(c), as in
1525 effect on January 1, 2006; **[**or**]** (2) for those renewable energy

1526 certificates under contract to serve end-use customers in the state on or
1527 before October 1, 2006, by participating in a renewable energy trading
1528 program within said jurisdictions as approved by the Department of
1529 Public Utility Control; or (3) by purchasing electricity from residential
1530 customers who are net producers.

1531 (c) Any supplier who provides electric generation services solely
1532 from a Class II renewable energy source shall not be required to
1533 comply with the provisions of this section.

1534 (d) An electric supplier or an electric distribution company shall
1535 base its demonstration of generation sources, as required under
1536 subsection (a) of this section on historical data, which may consist of
1537 data filed with the regional independent system operator.

1538 (e) (1) A supplier or an electric distribution company may make up
1539 any deficiency within its renewable energy portfolio within the first
1540 three months of the succeeding calendar year or as otherwise provided
1541 by generation information system operating rules approved by New
1542 England Power Pool or its successor to meet the generation source
1543 requirements of subsection (a) of this section for the previous year.

1544 (2) No such supplier or electric distribution company shall receive
1545 credit for the current calendar year for generation from Class I or Class
1546 II renewable energy sources pursuant to this section where such
1547 supplier or distribution company receives credit for the preceding
1548 calendar year pursuant to subdivision (1) of this subsection.

1549 (f) The department shall adopt regulations, in accordance with the
1550 provisions of chapter 54, to implement the provisions of this section.

1551 Sec. 44. (NEW) (*Effective July 1, 2007*) (a) A municipal electric energy
1552 cooperative, created pursuant to chapter 101a of the general statutes,
1553 shall submit a comprehensive report on the activities of the municipal
1554 electric utilities with regard to promotion of renewable energy
1555 resources. Such report shall identify the standards and activities of
1556 municipal electric utilities in the promotion, encouragement and

1557 expansion of the deployment and use of renewable energy sources
1558 within the service areas of the municipal electric utilities for the prior
1559 calendar year. The cooperative shall submit the report to the
1560 Renewable Energy Investment Advisory Committee established
1561 pursuant to section 16-245n of the general statutes, as amended by this
1562 act, not later than ninety days after the end of each calendar year that
1563 describes the activities undertaken pursuant to this subsection during
1564 the previous calendar year for the promotion and development of
1565 renewable energy sources for all electric customer classes.

1566 (b) Such cooperative shall develop standards for the promotion of
1567 renewable resources that apply to each municipal electric utility. On or
1568 before January 1, 2008, and annually thereafter, such cooperative shall
1569 submit such standards to the Renewable Energy Investment Advisory
1570 Committee.

1571 Sec. 45. (NEW) (*Effective from passage*) (a) Notwithstanding the
1572 provisions of title 16 of the general statutes, a customer who
1573 implements energy conservation or customer-side distributed
1574 resources, as defined in section 16-1 of the general statutes, as
1575 amended by this act, on or after January 1, 2008, shall be eligible for
1576 Class III credits, pursuant to section 16-243q of the general statutes, as
1577 amended by this act. The Class III credit shall be not less than one cent
1578 per kilowatt hour. For projects receiving conservation and load
1579 management funding, twenty-five per cent of the credits earned
1580 pursuant to this section shall be aggregated and directed to the
1581 customer who implements energy conservation or customer-side
1582 distribution resources pursuant to this section with the remainder
1583 directed to the Conservation and Load Management Funds. For
1584 applications for projects not receiving conservation and load
1585 management funding submitted on or after March 9, 2007, seventy-five
1586 per cent of the credits earned pursuant to this section shall be
1587 aggregated and directed to the customer who implements energy
1588 conservation or customer-side distribution resources pursuant to this
1589 section with the remainder directed to the Conservation and Load
1590 Management Funds. Not later than July 1, 2007, the Department of

1591 Public Utility Control shall conduct a contested case proceeding in
1592 accordance with the provisions of chapter 54 of the general statutes, to
1593 develop a procedure for awarding and aggregating credits pursuant to
1594 this section.

1595 (b) In order to be eligible for ongoing Class III credits, the customer
1596 shall, annually, submit an application, in a form prescribed by the
1597 Department of Public Utility Control, to said department. The
1598 application shall require (1) certification by an independent licensed
1599 engineer, and (2) (A) the number of kilowatt hours generated from the
1600 customer-side distributed resource system for the annual period, or (B)
1601 the number of kilowatt hours reduced by the energy conservation
1602 investments for the annual period.

1603 (c) For projects that serve residential customers, seventy-five per
1604 cent of the credits shall be directed to the Conservation and Load
1605 Management Funds.

1606 Sec. 46. Section 16-243q of the general statutes is repealed and the
1607 following is substituted in lieu thereof (*Effective October 1, 2007*):

1608 (a) On and after January 1, 2007, each electric distribution company
1609 providing standard service pursuant to section 16-244c, as amended by
1610 this act, and each electric supplier as defined in section 16-1, as
1611 amended by this act, shall demonstrate to the satisfaction of the
1612 Department of Public Utility Control that not less than one per cent of
1613 the total output of such supplier or such standard service of an electric
1614 distribution company shall be obtained from Class III [resources]
1615 sources. On and after January 1, 2008, not less than two per cent of the
1616 total output of any such supplier or such standard service of an electric
1617 distribution company shall, on demonstration satisfactory to the
1618 Department of Public Utility Control, be obtained from Class III
1619 [resources] sources. On or after January 1, 2009, not less than three per
1620 cent of the total output of any such supplier or such standard service of
1621 an electric distribution company shall, on demonstration satisfactory to
1622 the Department of Public Utility Control, be obtained from Class III
1623 [resources] sources. On and after January 1, 2010, not less than four per

1624 cent of the total output of any such supplier or such standard service of
1625 an electric distribution company shall, on demonstration satisfactory to
1626 the Department of Public Utility Control, be obtained from Class III
1627 [resources] sources. Electric power obtained from customer-side
1628 distributed resources that does not meet air and water quality
1629 standards of the Department of Environmental Protection is not
1630 eligible for purposes of meeting the percentage standards in this
1631 section.

1632 (b) Except as provided in subsection (d) of this section, the
1633 Department of Public Utility Control shall assess each electric supplier
1634 and each electric distribution company that fails to meet the
1635 percentage standards of subsection (a) of this section a charge of up to
1636 five and five-tenths cents for each kilowatt hour of electricity that such
1637 supplier or company is deficient in meeting such percentage
1638 standards. Seventy-five per cent of such assessed charges shall be
1639 deposited in the Energy Conservation and Load Management Fund
1640 established in section 16-245m, and twenty-five per cent shall be
1641 deposited in the Renewable Energy Investment Fund established in
1642 section 16-245n, as amended by this act, except that such seventy-five
1643 per cent of assessed charges with respect to an electric supplier shall be
1644 divided among the Energy Conservation and Load Management
1645 Funds of electric distribution companies in proportion to the amount
1646 of electricity such electric supplier provides to end use customers in
1647 the state using the facilities of each electric distribution company.

1648 (c) An electric supplier or electric distribution company may satisfy
1649 the requirements of this section by participating in a conservation and
1650 distributed resources trading program approved by the Department of
1651 Public Utility Control. Credits created by conservation and customer-
1652 side distributed resources shall be allocated to the person that
1653 conserved the electricity or installed the project for customer-side
1654 distributed resources to which the credit is attributable and to the
1655 Energy Conservation and Load Management Fund. Such credits shall
1656 be made in the following manner: A minimum of twenty-five per cent
1657 of the credits shall be allocated to the person that conserved the

1658 electricity or installed the project for customer-side distributed
1659 resources to which the energy credit is attributable and the remainder
1660 of the credits shall be allocated to the Energy Conservation and Load
1661 Management Fund, based on a schedule created by the department no
1662 later than January 1, 2007, and reviewed annually thereafter. The
1663 department may, in a proceeding and for good cause shown, allocate a
1664 larger proportion of such credits to the person who conserved the
1665 electricity or installed the customer-side distributed resources. The
1666 department shall consider the proportion of investment made by a
1667 ratepayer through various ratepayer-funded incentive programs and
1668 the resulting reduction in federally mandated congestion charges. The
1669 portion allocated to the Energy Conservation and Load Management
1670 Fund shall be used for measures that respond to energy demand and
1671 for peak reduction programs.

1672 (d) An electric distribution company providing standard service
1673 may contract with its wholesale suppliers to comply with the
1674 conservation and customer-side distributed resources standards set
1675 forth in subsection (a) of this section. The Department of Public Utility
1676 Control shall annually conduct a contested case, in accordance with the
1677 provisions of chapter 54, to determine whether the electric distribution
1678 company's wholesale suppliers met the conservation and distributed
1679 resources standards during the preceding year. Any such contract shall
1680 include a provision that requires such supplier to pay the electric
1681 distribution company in an amount of up to five and one-half cents per
1682 kilowatt hour if the wholesale supplier fails to comply with the
1683 conservation and distributed resources standards during the subject
1684 annual period. The electric distribution company shall immediately
1685 transfer seventy-five per cent of any payment received from the
1686 wholesale supplier for the failure to meet the conservation and
1687 distributed resources standards to the Energy Conservation and Load
1688 Management Fund and twenty-five per cent to the Renewable Energy
1689 Investment Fund. Any payment made pursuant to this section shall
1690 not be considered revenue or income to the electric distribution
1691 company.

1692 (e) The Department of Public Utility Control shall conduct a
1693 contested proceeding to develop the administrative processes and
1694 program specifications that are necessary to implement a Class III
1695 sources conservation and distributed resources trading program. The
1696 proceeding shall include, but not be limited to, an examination of
1697 issues such as (1) the manner in which qualifying activities are
1698 certified, tracked and reported, (2) the manner in which Class III
1699 certificates are created, accounted for and transferred, [(3) the
1700 feasibility and benefits of expanding eligible Class III resources to
1701 include those resulting from electricity savings made by residential
1702 customers, (4)] (3) verification of the accuracy of conservation and
1703 customer-side distributed resources credits, [(5)] (4) verification of the
1704 fact that resources or credits used to satisfy the requirement of this
1705 section have not been used to satisfy any other portfolio or similar
1706 requirement, [(6)] (5) the manner in which credits created by
1707 conservation and customer-side distributed resources may best be
1708 allocated to maximize the impact of the trading program, and [(7)] (6)
1709 setting such alternative payment amounts at a level that encourages
1710 development of conservation and customer-side distributed resources.
1711 The department may retain the services of a third party entity with
1712 expertise in the development of energy efficiency trading or
1713 verification programs to assist in the development and operation of the
1714 program. The department shall issue a decision no later than February
1715 1, [2006] 2008.

1716 Sec. 47. Subdivision (44) of subsection (a) of section 16-1 of the
1717 general statutes is repealed and the following is substituted in lieu
1718 thereof (*Effective from passage*):

1719 (44) "Class III [renewable energy] source" means the electricity
1720 output from combined heat and power systems with an operating
1721 efficiency level of no less than fifty per cent that are part of customer-
1722 side distributed resources developed at commercial and industrial
1723 facilities in this state on or after January 1, 2006, a waste heat recovery
1724 system installed on or after April 1, 2007, that produces electrical or
1725 thermal energy by capturing preexisting waste heat or pressure from

1726 industrial or commercial processes, or the electricity savings created at
1727 commercial and industrial facilities and residences in this state from
1728 conservation and load management programs begun on or after
1729 January 1, 2006.

1730 Sec. 48. Subsection (a) of section 22a-6 of the general statutes is
1731 repealed and the following is substituted in lieu thereof (*Effective*
1732 *October 1, 2007*):

1733 (a) The commissioner may: (1) Adopt, amend or repeal, in
1734 accordance with the provisions of chapter 54, such environmental
1735 standards, criteria and regulations, and such procedural regulations as
1736 are necessary and proper to carry out his functions, powers and duties;
1737 (2) enter into contracts with any person, firm, corporation or
1738 association to do all things necessary or convenient to carry out the
1739 functions, powers and duties of the department; (3) initiate and receive
1740 complaints as to any actual or suspected violation of any statute,
1741 regulation, permit or order administered, adopted or issued by him.
1742 The commissioner shall have the power to hold hearings, administer
1743 oaths, take testimony and subpoena witnesses and evidence, enter
1744 orders and institute legal proceedings including, but not limited to,
1745 suits for injunctions, for the enforcement of any statute, regulation,
1746 order or permit administered, adopted or issued by him; (4) in
1747 accordance with regulations adopted by him, require, issue, renew,
1748 revoke, modify or deny permits, under such conditions as he may
1749 prescribe, governing all sources of pollution in Connecticut within his
1750 jurisdiction; (5) in accordance with constitutional limitations, enter at
1751 all reasonable times, without liability, upon any public or private
1752 property, except a private residence, for the purpose of inspection and
1753 investigation to ascertain possible violations of any statute, regulation,
1754 order or permit administered, adopted or issued by him and the
1755 owner, managing agent or occupant of any such property shall permit
1756 such entry, and no action for trespass shall lie against the
1757 commissioner for such entry, or he may apply to any court having
1758 criminal jurisdiction for a warrant to inspect such premises to
1759 determine compliance with any statute, regulation, order or permit

1760 administered, adopted or enforced by him, provided any information
1761 relating to secret processes or methods of manufacture or production
1762 ascertained by the commissioner during, or as a result of, any
1763 inspection, investigation, hearing or otherwise shall be kept
1764 confidential and shall not be disclosed except that, notwithstanding the
1765 provisions of subdivision (5) of subsection (b) of section 1-210, such
1766 information may be disclosed by the commissioner to the United States
1767 Environmental Protection Agency pursuant to the federal Freedom of
1768 Information Act of 1976, (5 USC 552) and regulations adopted
1769 thereunder or, if such information is submitted after June 4, 1986, to
1770 any person pursuant to the federal Clean Water Act (33 USC 1251 et
1771 seq.); (6) undertake any studies, inquiries, surveys or analyses he may
1772 deem relevant, through the personnel of the department or in
1773 cooperation with any public or private agency, to accomplish the
1774 functions, powers and duties of the commissioner; (7) require the
1775 posting of sufficient performance bond or other security to assure
1776 compliance with any permit or order; (8) provide by notice printed on
1777 any form that any false statement made thereon or pursuant thereto is
1778 punishable as a criminal offense under section 53a-157b; (9) construct
1779 or repair or contract for the construction or repair of any dam or flood
1780 and erosion control system under his control and management, make
1781 or contract for the making of any alteration, repair or addition to any
1782 other real asset under his control and management, including rented
1783 or leased premises, involving an expenditure of five hundred thousand
1784 dollars or less, and, with prior approval of the Commissioner of Public
1785 Works, make or contract for the making of any alteration, repair or
1786 addition to such other real asset under his control and management
1787 involving an expenditure of more than five hundred thousand dollars
1788 but not more than one million dollars; (10) <u>in consultation with</u>
1789 <u>affected town and watershed organizations, enter into a lease</u>
1790 <u>agreement with a private entity to allow the private entity to generate</u>
1791 <u>hydroelectricity; (11)</u> by regulations adopted in accordance with the
1792 provisions of chapter 54<u>,</u> require the payment of a fee sufficient to
1793 cover the reasonable cost of the search, duplication and review of
1794 records requested under the Freedom of Information Act, as defined in

1795 section 1-200, and the reasonable cost of reviewing and acting upon an
1796 application for and monitoring compliance with the terms and
1797 conditions of any state or federal permit, license, registration, order,
1798 certificate or approval required pursuant to subsection (i) of section
1799 22a-39, subsections (c) and (d) of section 22a-96, subsections (h), (i) and
1800 (k) of section 22a-424, and sections 22a-6d, 22a-32, 22a-134a, 22a-134e,
1801 22a-135, 22a-148, 22a-150, 22a-174, 22a-208, 22a-208a, 22a-209, 22a-342,
1802 22a-345, 22a-354i, 22a-361, 22a-363c, 22a-368, 22a-372, 22a-379, 22a-403,
1803 22a-409, 22a-416, 22a-428 to 22a-432, inclusive, 22a-449 and 22a-454 to
1804 22a-454c, inclusive, and Section 401 of the federal Clean Water Act, (33
1805 USC 1341). Such costs may include, but are not limited to the costs of
1806 (A) public notice, (B) reviews, inspections and testing incidental to the
1807 issuance of and monitoring of compliance with such permits, licenses,
1808 orders, certificates and approvals, and (C) surveying and staking
1809 boundary lines. The applicant shall pay the fee established in
1810 accordance with the provisions of this section prior to the final
1811 decision of the commissioner on the application. The commissioner
1812 may postpone review of an application until receipt of the payment.
1813 Payment of a fee for monitoring compliance with the terms or
1814 conditions of a permit shall be at such time as the commissioner deems
1815 necessary and is required for an approval to remain valid; and **[**(11)**]**
1816 (12) by regulations adopted in accordance with the provisions of
1817 chapter 54, require the payment of a fee sufficient to cover the
1818 reasonable cost of responding to requests for information concerning
1819 the status of real estate with regard to compliance with environmental
1820 statutes, regulations, permits or orders. Such fee shall be paid by the
1821 person requesting such information at the time of the request. Funds
1822 not exceeding two hundred thousand dollars received by the
1823 commissioner pursuant to subsection (g) of section 22a-174, during the
1824 fiscal year ending June 30, 1985, shall be deposited in the General Fund
1825 and credited to the appropriations of the Department of
1826 Environmental Protection in accordance with the provisions of section
1827 4-86, and such funds shall not lapse until June 30, 1986. In any action
1828 brought against any employee of the department acting within his
1829 scope of delegated authority in performing any of the above-listed

1830 duties, the employee shall be represented by the Attorney General.

1831 Sec. 49. Subsection (a) of section 16-243i of the general statutes is
1832 repealed and the following is substituted in lieu thereof (*Effective from*
1833 *passage*):

1834 (a) The Department of Public Utility Control shall, not later than
1835 January 1, 2006, establish a program to grant awards to retail end use
1836 customers of electric distribution companies to fund the capital costs of
1837 obtaining projects of customer-side distributed resources, as defined in
1838 section 16-1. Any project shall receive a one-time, nonrecurring award
1839 in an amount of not less than two hundred dollars and not more than
1840 five hundred dollars per kilowatt of capacity for such customer-side
1841 distributed resources, recoverable from federally mandated congestion
1842 charges, as defined in section 16-1. No such award may be made
1843 unless the projected reduction in federally mandated congestion
1844 charges attributed to the project for such distributed resources is
1845 greater than the amount of the award. The amount of an award shall
1846 depend on the impact that the customer-side distributed resources
1847 project has on reducing federally mandated congestion charges, as
1848 defined in section 16-1, as amended by this act. On and after January 1,
1849 2008, the department shall only grant an award for capacity that
1850 exceeds a customer's peak demand during the thirty-six months prior
1851 to its application if it finds that an award for such additional capacity
1852 provides sufficient net benefits to other customers of the electric
1853 distribution company to justify making such additional award. In
1854 making its determination, the department shall consider the cost of the
1855 award and the projected reduction in the company's costs for energy,
1856 installed capacity, forward reserve capacity, locational forward reserve
1857 capacity and other factors the department deems relevant. Not later
1858 than October 1, 2005, the department shall conduct a contested case
1859 proceeding, in accordance with chapter 54, to establish additional
1860 standards for the amount of such awards and additional criteria and
1861 the process for making such awards.

1862 Sec. 50. Subdivision (57) of section 12-81 of the general statutes is

1863 repealed and the following is substituted in lieu thereof (*Effective*
1864 *October 1, 2007, and applicable to assessment years commencing on or after*
1865 *October 1, 2007*):

1866 (57) (a) **[**Subject to authorization of the exemption by ordinance in
1867 any municipality, any**]** Any Class I renewable energy source, as
1868 defined in section 16-1, or any hydropower facility described in
1869 subdivision (27) of said section 16-1, as amended by this act, installed
1870 for the generation of electricity for private residential use, provided
1871 such installation occurs on or after October 1, 1977, and further
1872 provided such installation is for a single family dwelling or
1873 multifamily dwelling consisting of two to four units, or any passive or
1874 active solar water or space heating system or geothermal energy
1875 resource;

1876 (b) Any person claiming the exemption provided in this subdivision
1877 for any assessment year shall, on or before the first day of November
1878 in such assessment year, file with the assessor or board of assessors in
1879 the town in which such hydropower facility, Class I renewable energy
1880 source, or passive or active solar water or space heating system or
1881 geothermal energy resource is located, written application claiming
1882 such exemption. Failure to file such application in the manner and
1883 form as provided by such assessor or board within the time limit
1884 prescribed shall constitute a waiver of the right to such exemption for
1885 such assessment year. Such application shall not be required for any
1886 assessment year following that for which the initial application is filed,
1887 provided if such hydropower facility, Class I renewable energy source,
1888 or passive or active solar water or space heating system or geothermal
1889 energy resource is altered in a manner which would require a building
1890 permit, such alteration shall be deemed a waiver of the right to such
1891 exemption until a new application, applicable with respect to such
1892 altered source, is filed and the right to such exemption is established as
1893 required initially.

1894 Sec. 51. Subdivision (63) of section 12-81 of the general statutes is
1895 repealed and the following is substituted in lieu thereof (*Effective*

1896 *October 1, 2007, and applicable to assessment years commencing on or after*
1897 *October 1, 2007*):

1898 (63) (a) Subject to authorization of the exemption by ordinance in
1899 any municipality and to the provisions of subparagraph (b) of this
1900 subdivision, **[**any solar energy electricity generating system which is
1901 not eligible for exemption under subdivision (57) of this section,**]** any
1902 cogeneration system **[**, or both,**]** installed on or after July 1, 1981. **[**,and
1903 before October 1, 2006.**]** The ordinance shall establish the number of
1904 years that a system will be exempt from taxation, except that it may
1905 not provide for an exemption beyond the first fifteen assessment years
1906 following the installation of a system. The ordinance shall prohibit the
1907 exemption from applying to additions to resources recovery facilities
1908 operating on October 1, 1994, or to resources recovery facilities
1909 constructed on and after that date and may prohibit the exemption
1910 from applying to property acquired by eminent domain for the
1911 purpose of qualifying for the exemption;

1912 (b) As used in this subdivision, **[**(A) "solar energy electricity
1913 generating system" means equipment which is designed, operated and
1914 installed as a system which utilizes solar energy as the energy source
1915 for at least seventy-five per cent of the electricity produced by the
1916 system and meets the standards established by regulation, in
1917 accordance with the provisions of chapter 54, by the Secretary of the
1918 Office of Policy and Management, and (B)**]** "cogeneration system"
1919 means equipment which is designed, operated and installed as a
1920 system which produces, in the same process, electricity and exhaust
1921 steam, waste steam, heat or other resultant thermal energy which is
1922 used for space or water heating or cooling, industrial, commercial,
1923 manufacturing or other useful purposes and which meets standards
1924 established by regulation, in accordance with the provisions of chapter
1925 54, by the Secretary of the Office of Policy and Management;

1926 (c) Any municipality which adopts an ordinance authorizing an
1927 exemption provided by this subdivision may enter into a written
1928 agreement with an applicant for the exemption, which may require the

1929 applicant to make payments to the municipality in lieu of taxes. The
1930 agreement may vary the amount of the payments in lieu of taxes in
1931 each assessment year of the agreement, provided the payment in any
1932 assessment year is not greater than the taxes which would otherwise
1933 be due in the absence of the exemption. Any agreement negotiated
1934 under this subdivision shall be submitted to the legislative body of the
1935 municipality for its approval or rejection;

1936 (d) Any person claiming the exemption provided in this subdivision
1937 for any assessment year and whose application has been approved in
1938 accordance with subparagraph (c) of this subdivision shall, on or
1939 before the first day of November in such assessment year, file with the
1940 assessor or board of assessors in the town in which the system is
1941 located written application claiming the exemption. Failure to file the
1942 application in the manner and form as provided by such assessor or
1943 board within the time limit prescribed shall constitute a waiver of the
1944 right to the exemption for such assessment year. Such application shall
1945 not be required for any assessment year following that for which the
1946 initial application is filed, provided if such **[**solar energy electricity
1947 generating system or**]** cogeneration system is altered in a manner
1948 which would require a building permit, such alteration shall be
1949 deemed a waiver of the right to such exemption until a new
1950 application, applicable with respect to such altered system, is filed and
1951 the right to such exemption is established as required initially.

1952 Sec. 52. Section 20-340 of the general statutes is repealed and the
1953 following is substituted in lieu thereof (*Effective from passage*):

1954 The provisions of this chapter shall not apply to: (1) Persons
1955 employed by any federal, state or municipal agency; (2) employees of
1956 any public service company regulated by the Department of Public
1957 Utility Control or of any corporate affiliate of any such company when
1958 the work performed by such affiliate is on behalf of a public service
1959 company, but in either case only if the work performed is in
1960 connection with the rendition of public utility service, including the
1961 installation or maintenance of wire for community antenna television

1962 service, or is in connection with the installation or maintenance of wire
1963 or telephone sets for single-line telephone service located inside the
1964 premises of a consumer; (3) employees of any municipal corporation
1965 specially chartered by this state; (4) employees of any contractor while
1966 such contractor is performing electrical-line or emergency work for
1967 any public service company; (5) persons engaged in the installation,
1968 maintenance, repair and service of electrical or other appliances of a
1969 size customarily used for domestic use where such installation
1970 commences at an outlet receptacle or connection previously installed
1971 by persons licensed to do the same and maintenance, repair and
1972 service is confined to the appliance itself and its internal operation; (6)
1973 employees of industrial firms whose main duties concern the
1974 maintenance of the electrical work, plumbing and piping work, solar
1975 thermal work, heating, piping, cooling work, sheet metal work,
1976 elevator installation, repair and maintenance work, automotive glass
1977 work or flat glass work of such firm on its own premises or on
1978 premises leased by it for its own use; (7) employees of industrial firms
1979 when such employees' main duties concern the fabrication of glass
1980 products or electrical, plumbing and piping, fire protection sprinkler
1981 systems, solar, heating, piping, cooling, chemical piping, sheet metal or
1982 elevator installation, repair and maintenance equipment used in the
1983 production of goods sold by industrial firms, except for products,
1984 electrical, plumbing and piping systems and repair and maintenance
1985 equipment used directly in the production of a product for human
1986 consumption; (8) persons performing work necessary to the
1987 manufacture or repair of any apparatus, appliances, fixtures,
1988 equipment or devices produced by it for sale or lease; (9) employees of
1989 stage and theatrical companies performing the operation, installation
1990 and maintenance of electrical equipment if such installation
1991 commences at an outlet receptacle or connection previously installed
1992 by persons licensed to make such installation; (10) employees of
1993 carnivals, circuses or similar transient amusement shows who install
1994 electrical work, provided such installation shall be subject to the
1995 approval of the State Fire Marshal prior to use as otherwise provided
1996 by law and shall comply with applicable municipal ordinances and

1997 regulations; (11) persons engaged in the installation, maintenance,
1998 repair and service of glass or electrical, plumbing, fire protection
1999 sprinkler systems, solar, heating, piping, cooling and sheet metal
2000 equipment in and about single-family residences owned and occupied
2001 or to be occupied by such persons; provided any such installation,
2002 maintenance and repair shall be subject to inspection and approval by
2003 the building official of the municipality in which such residence is
2004 located and shall conform to the requirements of the State Building
2005 Code; (12) persons who install, maintain or repair glass in a motor
2006 vehicle owned or leased by such persons; (13) persons or entities
2007 holding themselves out to be retail sellers of glass products, but not
2008 such persons or entities that also engage in automotive glass work or
2009 flat glass work; (14) persons who install preglazed or preassembled
2010 windows or doors in residential or commercial buildings; (15) persons
2011 registered under chapter 400 who install safety-backed mirror
2012 products or repair or replace flat glass in sizes not greater than thirty
2013 square feet in residential buildings; **[**and**]** (16) sheet metal work
2014 performed in residential buildings consisting of six units or less by
2015 new home construction contractors registered pursuant to chapter
2016 399a, by home improvement contractors registered pursuant to chapter
2017 400 or by persons licensed pursuant to this chapter, when such work is
2018 limited to exhaust systems installed for hoods and fans in kitchens and
2019 baths, clothes dryer exhaust systems, radon vent systems, fireplaces,
2020 fireplace flues, masonry chimneys or prefabricated metal chimneys
2021 rated by the Underwriter's Laboratory or installation of stand-alone
2022 appliances including wood, pellet or other stand-alone stoves that are
2023 installed in residential buildings by such contractors or persons; and
2024 (17) employees of or any contractor employed by and under the
2025 direction of a properly licensed solar contractor, performing work
2026 limited to the hoisting, placement and anchoring of solar collectors,
2027 photovoltaic panels, towers or turbines.

2028 Sec. 53. Section 16-244c of the general statutes is repealed and the
2029 following is substituted in lieu thereof (*Effective from passage*):

2030 (a) (1) On and after January 1, 2000, each electric distribution

2031 company shall make available to all customers in its service area, the
2032 provision of electric generation and distribution services through a
2033 standard offer. Under the standard offer, a customer shall receive
2034 electric services at a rate established by the Department of Public
2035 Utility Control pursuant to subdivision (2) of this subsection. Each
2036 electric distribution company shall provide electric generation services
2037 in accordance with such option to any customer who affirmatively
2038 chooses to receive electric generation services pursuant to the standard
2039 offer or does not or is unable to arrange for or maintain electric
2040 generation services with an electric supplier. The standard offer shall
2041 automatically terminate on January 1, 2004. While providing electric
2042 generation services under the standard offer, an electric distribution
2043 company may provide electric generation services through any of its
2044 generation entities or affiliates, provided such entities or affiliates are
2045 licensed pursuant to section 16-245.

2046 (2) Not later than October 1, 1999, the Department of Public Utility
2047 Control shall establish the standard offer for each electric distribution
2048 company, effective January 1, 2000, which shall allocate the costs of
2049 such company among electric transmission and distribution services,
2050 electric generation services, the competitive transition assessment and
2051 the systems benefits charge. The department shall hold a hearing that
2052 shall be conducted as a contested case in accordance with chapter 54 to
2053 establish the standard offer. The standard offer shall provide that the
2054 total rate charged under the standard offer, including electric
2055 transmission and distribution services, the conservation and load
2056 management program charge described in section 16-245m, the
2057 renewable energy investment charge described in section 16-245n,
2058 electric generation services, the competitive transition assessment and
2059 the systems benefits charge shall be at least ten per cent less than the
2060 base rates, as defined in section 16-244a, in effect on December 31,
2061 1996. The standard offer shall be adjusted to the extent of any increase
2062 or decrease in state taxes attributable to sections 12-264 and 12-265 and
2063 any other increase or decrease in state or federal taxes resulting from a
2064 change in state or federal law and shall continue to be adjusted during
2065 such period pursuant to section 16-19b. Notwithstanding the

2066 provisions of section 16-19b, the provisions of said section 16-19b shall
2067 apply to electric distribution companies. The standard offer may be
2068 adjusted, by an increase or decrease, to the extent approved by the
2069 department, in the event that (A) the revenue requirements of the
2070 company are affected as the result of changes in (i) legislative
2071 enactments other than public act 98-28*, (ii) administrative
2072 requirements, or (iii) accounting standards occurring after July 1, 1998,
2073 provided such accounting standards are adopted by entities
2074 independent of the company that have authority to issue such
2075 standards, or (B) an electric distribution company incurs extraordinary
2076 and unanticipated expenses required for the provision of safe and
2077 reliable electric service to the extent necessary to provide such service.
2078 Savings attributable to a reduction in taxes shall not be shifted between
2079 customer classes.

2080 (3) The price reduction provided in subdivision (2) of this
2081 subsection shall not apply to customers who, on or after July 1, 1998,
2082 are purchasing electric services from an electric company or electric
2083 distribution company, as the case may be, under a special contract or
2084 flexible rate tariff, and the company's filed standard offer tariffs shall
2085 reflect that such customers shall not receive the standard offer price
2086 reduction.

2087 (b) (1) (A) On and after January 1, 2004, each electric distribution
2088 company shall make available to all customers in its service area, the
2089 provision of electric generation and distribution services through a
2090 transitional standard offer. Under the transitional standard offer, a
2091 customer shall receive electric services at a rate established by the
2092 Department of Public Utility Control pursuant to subdivision (2) of
2093 this subsection. Each electric distribution company shall provide
2094 electric generation services in accordance with such option to any
2095 customer who affirmatively chooses to receive electric generation
2096 services pursuant to the transitional standard offer or does not or is
2097 unable to arrange for or maintain electric generation services with an
2098 electric supplier. The transitional standard offer shall terminate on
2099 December 31, 2006. While providing electric generation services under

2100 the transitional standard offer, an electric distribution company may
2101 provide electric generation services through any of its generation
2102 entities or affiliates, provided such entities or affiliates are licensed
2103 pursuant to section 16-245.

2104 (B) The department shall conduct a proceeding to determine
2105 whether a practical, effective, and cost-effective process exists under
2106 which an electric customer, when initiating electric service, may
2107 receive information regarding selecting electric generating services
2108 from a qualified entity. The department shall complete such
2109 proceeding on or before December 1, 2005, and shall implement the
2110 resulting decision on or before March 1, 2006, or on such later date that
2111 the department considers appropriate. An electric distribution
2112 company's costs of participating in the proceeding and implementing
2113 the results of the department's decision shall be recoverable by the
2114 company as generation services costs through an adjustment
2115 mechanism as approved by the department.

2116 (2) (A) Not later than December 15, 2003, the Department of Public
2117 Utility Control shall establish the transitional standard offer for each
2118 electric distribution company, effective January 1, 2004.

2119 (B) The department shall hold a hearing that shall be conducted as a
2120 contested case in accordance with chapter 54 to establish the
2121 transitional standard offer. The transitional standard offer shall
2122 provide that the total rate charged under the transitional standard
2123 offer, including electric transmission and distribution services, the
2124 conservation and load management program charge described in
2125 section 16-245m, the renewable energy investment charge described in
2126 section 16-245n, electric generation services, the competitive transition
2127 assessment and the systems benefits charge, and excluding federally
2128 mandated congestion costs, shall not exceed the base rates, as defined
2129 in section 16-244a, in effect on December 31, 1996, excluding any rate
2130 reduction ordered by the department on September 26, 2002.

2131 (C) (i) Each electric distribution company shall, on or before January
2132 1, 2004, file with the department an application for an amendment of

2133 rates pursuant to section 16-19, which application shall include a four-
2134 year plan for the provision of electric transmission and distribution
2135 services. The department shall conduct a contested case proceeding
2136 pursuant to sections 16-19 and 16-19e, as amended by this act, to
2137 approve, reject or modify the application and plan. Upon the approval
2138 of such plan, as filed or as modified by the department, the department
2139 shall order that such plan shall establish the electric transmission and
2140 distribution services component of the transitional standard offer.

2141 (ii) Notwithstanding the provisions of this subparagraph, an electric
2142 distribution company that, on or after September 1, 2002, completed a
2143 proceeding pursuant to sections 16-19 and 16-19e, shall not be required
2144 to file an application for an amendment of rates as required by this
2145 subparagraph. The department shall establish the electric transmission
2146 and distribution services component of the transitional standard offer
2147 for any such company equal to the electric transmission and
2148 distribution services component of the standard offer established
2149 pursuant to subsection (a) of this section in effect on July 1, 2003, for
2150 such company. If such electric distribution company applies to the
2151 department, pursuant to section 16-19, for an amendment of its rates
2152 on or before December 31, 2006, the application of the electric
2153 distribution company shall include a four-year plan.

2154 (D) The transitional standard offer (i) shall be adjusted to the extent
2155 of any increase or decrease in state taxes attributable to sections 12-264
2156 and 12-265 and any other increase or decrease in state or federal taxes
2157 resulting from a change in state or federal law, (ii) shall be adjusted to
2158 provide for the cost of contracts under subdivision (2) of subsection (j)
2159 of this section and the administrative costs for the procurement of such
2160 contracts, and (iii) shall continue to be adjusted during such period
2161 pursuant to section 16-19b. Savings attributable to a reduction in taxes
2162 shall not be shifted between customer classes. Notwithstanding the
2163 provisions of section 16-19b, the provisions of section 16-19b shall
2164 apply to electric distribution companies.

2165 (E) The transitional standard offer may be adjusted, by an increase

2166 or decrease, to the extent approved by the department, in the event
2167 that (i) the revenue requirements of the company are affected as the
2168 result of changes in (I) legislative enactments other than public act 03-
2169 135* or public act 98-28*, (II) administrative requirements, or (III)
2170 accounting standards adopted after July 1, 2003, provided such
2171 accounting standards are adopted by entities that are independent of
2172 the company and have authority to issue such standards, or (ii) an
2173 electric distribution company incurs extraordinary and unanticipated
2174 expenses required for the provision of safe and reliable electric service
2175 to the extent necessary to provide such service.

2176 (3) The price provided in subdivision (2) of this subsection shall not
2177 apply to customers who, on or after July 1, 2003, purchase electric
2178 services from an electric company or electric distribution company, as
2179 the case may be, under a special contract or flexible rate tariff,
2180 provided the company's filed transitional standard offer tariffs shall
2181 reflect that such customers shall not receive the transitional standard
2182 offer price during the term of said contract or tariff.

2183 (4) (A) In addition to its costs received pursuant to subsection (h) of
2184 this section, as compensation for providing transitional standard offer
2185 service, each electric distribution company shall receive an amount
2186 equal to five-tenths of one mill per kilowatt hour. Revenues from such
2187 compensation shall not be included in calculating the electric
2188 distribution company's earnings for purposes of, or in determining
2189 whether its rates are just and reasonable under, sections 16-19, 16-19a
2190 and 16-19e, including an earnings sharing mechanism. In addition,
2191 each electric distribution company may earn compensation for
2192 mitigating the prices of the contracts for the provision of electric
2193 generation services, as provided in subdivision (2) of this subsection.

2194 (B) The department shall conduct a contested case proceeding
2195 pursuant to the provisions of chapter 54 to establish an incentive plan
2196 for the procurement of long-term contracts for transitional standard
2197 offer service by an electric distribution company. The incentive plan
2198 shall be based upon a comparison of the actual average firm full

2199 requirements service contract price for electricity obtained by the
2200 electric distribution company compared to the regional average firm
2201 full requirements service contract price for electricity, adjusted for such
2202 variables as the department deems appropriate, including, but not
2203 limited to, differences in locational marginal pricing. If the actual
2204 average firm full requirements service contract price obtained by the
2205 electric distribution company is less than the actual regional average
2206 firm full requirements service contract price for the previous year, the
2207 department shall split five-tenths of one mill per kilowatt hour equally
2208 between ratepayers and the company. Revenues from such incentive
2209 plan shall not be included in calculating the electric distribution
2210 company's earnings for purposes of, or in determining whether its
2211 rates are just and reasonable under sections 16-19, 16-19a and 16-19e.
2212 The department may, as it deems necessary, retain a third party entity
2213 with expertise in energy procurement to assist with the development
2214 of such incentive plan.

2215 (c) (1) On and after January 1, 2007, each electric distribution
2216 company shall provide electric generation services through standard
2217 service to any customer who (A) does not arrange for or is not
2218 receiving electric generation services from an electric supplier **[**,**]** and
2219 **[**(B) does not use a demand meter or**]** has a maximum demand of less
2220 than five hundred kilowatts, and (B) school districts or municipalities.

2221 (2) Not later than October 1, 2006, and **[**periodically as required by
2222 subdivision (3) of this subsection, but not more often than every
2223 calendar quarter**]** annually thereafter, the Department of Public Utility
2224 Control shall establish the standard service price for such customers
2225 pursuant to **[**subdivision (3) of**]** this subsection, except the department
2226 may adjust the price more frequently if it determines that such
2227 adjustment would be in the best interest of ratepayers, but not more
2228 than once per calendar quarter. Each electric distribution company
2229 shall recover the actual net costs of procuring and providing electric
2230 generation services pursuant to this subsection, provided such
2231 company mitigates the costs it incurs for the procurement of electric
2232 generation services for customers who are no longer receiving service

2233 pursuant to this subsection.

2234 (3) An electric distribution company providing electric generation
2235 services pursuant to this subsection shall mitigate the variation of the
2236 price of the service offered to its customers by procuring electric
2237 generation services contracts in the manner prescribed in a plan
2238 approved by the department. Such plan shall require the procurement
2239 of a portfolio of service contracts sufficient to meet the projected load
2240 of the electric distribution company. Such plan shall require that the
2241 portfolio of service contracts be procured in an overlapping pattern of
2242 fixed periods at such times and in such manner and duration as the
2243 department determines to be most likely to produce just, reasonable
2244 and reasonably stable retail rates while reflecting underlying
2245 wholesale market prices over time. The portfolio of contracts shall be
2246 assembled in such manner as to invite competition; guard against
2247 favoritism, improvidence, extravagance, fraud and corruption; and
2248 secure a reliable electricity supply while avoiding unusual, anomalous
2249 or excessive pricing. The portfolio of contracts procured under such
2250 plan shall be for terms of not less than six months, provided contracts
2251 for shorter periods may be procured under such conditions as the
2252 department shall prescribe to (A) ensure for end-use customers the
2253 lowest rates possible, **[**for end-use customers**]** giving due consideration
2254 to risk and amount of volatility in the overall ratio; (B) ensure reliable
2255 service under extraordinary circumstances; and (C) ensure the prudent
2256 management of the contract portfolio. An electric distribution
2257 company may receive a bid for an electric generation services contract
2258 from any of its generation entities or affiliates, provided such
2259 generation entity or affiliate submits its bid the business day preceding
2260 the first day on which an unaffiliated electric supplier may submit its
2261 bid and further provided the electric distribution company and the
2262 generation entity or affiliate are in compliance with the code of
2263 conduct established in section 16-244h.

2264 (4) The department, in consultation with the Office of Consumer
2265 Counsel, shall retain the services of a third-party entity with expertise
2266 in the area of energy procurement to oversee the initial development of

2267 the request for proposals and the procurement of contracts by an
2268 electric distribution company for the provision of electric generation
2269 services offered pursuant to this subsection. Costs associated with the
2270 retention of such third-party entity shall be included in the cost of
2271 electric generation services that is included in such price.

2272 (5) Each bidder for a standard service contract shall submit its bid to
2273 the electric distribution company and the third-party entity who shall
2274 jointly review the bids, conduct a cost-based analysis of such bids and
2275 submit an overview of all bids together with a joint recommendation
2276 to the department as to the preferred bidders. The department shall
2277 make available to the Office of Consumer Counsel and the Attorney
2278 General all bids and any cost-based analysis of such bids it receives
2279 pursuant to this subsection, provided the bids and any cost-based
2280 analysis of such bids shall not be subject to disclosure under the
2281 Freedom of Information Act for a period of three months. The
2282 department may, within ten business days of submission of the
2283 overview, reject the recommendation regarding preferred bidders if
2284 the bids are not in the best interest of the customer. In analyzing the
2285 bids, the department shall determine if they are consistent with the
2286 plan approved pursuant to section 55 of this act. In the event that the
2287 department rejects the preferred bids, the electric distribution
2288 company and the third-party entity shall rebid the service pursuant to
2289 this subdivision.

2290 (6) Upon approval of the preferred bids by the department, the
2291 respective electric distribution company shall enter into contracts with
2292 approved bidders. All bids received by the department during the
2293 procurement process shall be available for public review three months
2294 after department approval or rejection and shall include written
2295 reasons for rejection and findings of fact, as applicable.

2296 (7) Not later than October 1, 2009, and biennially thereafter, the
2297 department shall conduct a contested case proceeding in accordance
2298 with chapter 54 to review the efficacy of the process of procuring
2299 contracts pursuant to this subsection including as assessment of the

2300 extent to which the standards set forth in sections 55 and 58 of this act
2301 are met.

2302 (d) (1) [Notwithstanding] Not later than January 1, 2008, and on a
2303 continuing basis, notwithstanding the provisions of this section
2304 regarding the electric generation services component of the transitional
2305 standard offer or the procurement of electric generation services under
2306 standard service, section 16-244h or 16-245o, the Department of Public
2307 Utility Control [may, from time to time, direct an electric distribution
2308 company] shall direct the electric distribution companies to offer,
2309 through an electric supplier or electric suppliers, [before January 1,
2310 2007, one or more alternative transitional standard offer options or, on
2311 or after January 1, 2007,] one or more [alternative standard] renewable
2312 service options. Such [alternative] renewable service options shall
2313 include, but not be limited to, an option that consists of the provision
2314 of electric generation services that exceed the renewable portfolio
2315 standards established in section 16-245a and an option that allows
2316 consumers to purchase renewable energy directly and may include an
2317 option that utilizes strategies or technologies that reduce the overall
2318 consumption of electricity of the customer.

2319 (2) (A) The department shall develop such [alternative] renewable
2320 service option or options in [a contested case] contested cases, as
2321 necessary, conducted in accordance with the provisions of chapter 54.
2322 The department shall determine the terms and conditions of such
2323 [alternative] renewable service option or options, including, but not
2324 limited to, (i) the minimum contract terms, including pricing, length
2325 and termination of the contract, and (ii) the minimum percentage of
2326 electricity derived from Class I or Class II renewable energy sources, if
2327 applicable. The electric distribution [company] companies shall, under
2328 the supervision of the department, subsequently conduct a bidding
2329 process in order to solicit electric suppliers to provide such
2330 [alternative] renewable service option or options.

2331 (B) The department may reject some or all of the bids received
2332 pursuant to the bidding process.

2333 (3) The department may require an electric supplier to provide
2334 forms of assurance to satisfy the department that the contracts
2335 resulting from the bidding process will be fulfilled.

2336 (4) An electric supplier who fails to fulfill its contractual obligations
2337 resulting from this subdivision shall be subject to civil penalties, in
2338 accordance with the provisions of section 16-41, or the suspension or
2339 revocation of such supplier's license or a prohibition on the acceptance
2340 of new customers, following a hearing that is conducted as a contested
2341 case, in accordance with the provisions of chapter 54.

2342 (e) (1) On and after January 1, 2007, an electric distribution company
2343 shall serve customers that are not eligible to receive standard service
2344 pursuant to subsection (c) of this section as the supplier of last resort.
2345 This subsection shall not apply to customers purchasing power under
2346 contracts entered into pursuant to section 16-19hh. Any customer
2347 previously receiving electric generation services from an electric
2348 supplier shall not be eligible to receive supplier of last resort service
2349 pursuant to this subsection unless such customer agrees to receive
2350 supplier of last resort service for a period of not less than one year.

2351 (2) An electric distribution company shall procure electricity
2352 annually to provide electric generation services to customers pursuant
2353 to this subsection. The Department of Public Utility Control shall
2354 determine a price for such customers that reflects the full cost of
2355 providing the electricity on a monthly basis and that is consistent with
2356 the approved integrated resource plan pursuant to sections 55 and 58
2357 of this act or, on a alternative basis as determined pursuant to
2358 subdivision (3) of this subsection. Each electric distribution company
2359 shall recover the actual net costs of procuring and providing electric
2360 generation services pursuant to this subsection, provided such
2361 company mitigates the costs it incurs for the procurement of electric
2362 generation services for customers that are no longer receiving service
2363 pursuant to this subsection.

2364 (3) On or after July 1, 2008, the Department of Public Utility Control
2365 may conduct a contested case proceeding, in accordance with the

2366 provisions of chapter 54, to study the frequency with which it should
2367 determine the price for supplier of last resort service. All bids received
2368 by the department pursuant to this section shall be available for public
2369 review six months after department approval or rejection.

2370 (f) On and after January 1, 2000, and until such time the regional
2371 independent system operator implements procedures for the provision
2372 of back-up power to the satisfaction of the Department of Public Utility
2373 Control, each electric distribution company shall provide electric
2374 generation services to any customer who has entered into a service
2375 contract with an electric supplier that fails to provide electric
2376 generation services for reasons other than the customer's failure to pay
2377 for such services. Between January 1, 2000, and December 31, 2006, an
2378 electric distribution company may procure electric generation services
2379 through a competitive bidding process or through any of its generation
2380 entities or affiliates. On and after January 1, 2007, such company shall
2381 procure electric generation services through a competitive bidding
2382 process pursuant to a plan submitted by the electric distribution
2383 company and approved by the department. Such company may
2384 procure electric generation services through any of its generation
2385 entities or affiliates, provided such entity or affiliate is the lowest
2386 qualified bidder and provided further any such entity or affiliate is
2387 licensed pursuant to section 16-245.

2388 (g) An electric distribution company is not required to be licensed
2389 pursuant to section 16-245 to provide standard offer electric generation
2390 services in accordance with subsection (a) of this section, transitional
2391 standard offer service pursuant to subsection (b) of this section,
2392 standard service pursuant to subsection (c) of this section, supplier of
2393 last resort service pursuant to subsection (e) of this section or back-up
2394 electric generation service pursuant to subsection (f) of this section.

2395 (h) The electric distribution company shall be entitled to recover
2396 reasonable costs incurred as a result of providing standard offer
2397 electric generation services pursuant to the provisions of subsection (a)
2398 of this section, transitional standard offer service pursuant to

2399 subsection (b) of this section, standard service pursuant to subsection
2400 (c) of this section or back-up electric generation service pursuant to
2401 subsection (f) of this section. The provisions of this section and section
2402 16-244a shall satisfy the requirements of section 16-19a until January 1,
2403 2007.

2404 (i) The Department of Public Utility Control shall establish, by
2405 regulations adopted pursuant to chapter 54, procedures for when and
2406 how a customer is notified that his electric supplier has defaulted and
2407 of the need for the customer to choose a new electric supplier within a
2408 reasonable period of time.

2409 (j) (1) Notwithstanding the provisions of subsection (d) of this
2410 section regarding an alternative transitional standard offer option or
2411 an alternative standard service option, an electric distribution
2412 company providing transitional standard offer service, standard
2413 service, supplier of last resort service or back-up electric generation
2414 service in accordance with this section shall contract with its wholesale
2415 suppliers to comply with the renewable portfolio standards. The
2416 Department of Public Utility Control shall annually conduct a
2417 contested case, in accordance with the provisions of chapter 54, in
2418 order to determine whether the electric distribution company's
2419 wholesale suppliers met the renewable portfolio standards during the
2420 preceding year. An electric distribution company shall include a
2421 provision in its contract with each wholesale supplier that requires the
2422 wholesale supplier to pay the electric distribution company an amount
2423 of five and one-half cents per kilowatt hour if the wholesale supplier
2424 fails to comply with the renewable portfolio standards during the
2425 subject annual period. The electric distribution company shall
2426 promptly transfer any payment received from the wholesale supplier
2427 for the failure to meet the renewable portfolio standards to the
2428 Renewable Energy Investment Fund for the development of Class I
2429 renewable energy sources. Any payment made pursuant to this section
2430 shall not be considered revenue or income to the electric distribution
2431 company.

2432 (2) Notwithstanding the provisions of subsection (d) of this section
2433 regarding an alternative transitional standard offer option or an
2434 alternative standard service option, an electric distribution company
2435 providing transitional standard offer service, standard service,
2436 supplier of last resort service or back-up electric generation service in
2437 accordance with this section shall, not later than July 1, 2008, file with
2438 the Department of Public Utility Control for its approval one or more
2439 long-term power purchase contracts from Class I renewable energy
2440 source projects that receive funding from the Renewable Energy
2441 Investment Fund and that are not less than one megawatt in size, at a
2442 price that is either, at the determination of the project owner, (A) not
2443 more than the total of the comparable wholesale market price for
2444 generation plus five and one-half cents per kilowatt hour, or (B) fifty
2445 per cent of the wholesale market electricity cost at the point at which
2446 transmission lines intersect with each other or interface with the
2447 distribution system, plus the project cost of fuel indexed to natural gas
2448 futures contracts on the New York Mercantile Exchange at the natural
2449 gas pipeline interchange located in Vermillion Parish, Louisiana that
2450 serves as the delivery point for such futures contracts, plus the fuel
2451 delivery charge for transporting fuel to the project, plus five and one-
2452 half cents per kilowatt hour. In its approval of such contracts, the
2453 department shall give preference to purchase contracts from those
2454 projects that would provide a financial benefit to ratepayers or would
2455 enhance the reliability of the electric transmission system of the state.
2456 Such projects shall be located in this state. The owner of a fuel cell
2457 project principally manufactured in this state shall be allocated all
2458 available air emissions credits and tax credits attributable to the project
2459 and no less than fifty per cent of the energy credits in the Class I
2460 renewable energy credits program established in section 16-245a
2461 attributable to the project. **[**Such**]** <u>On and after October 1, 2007, and</u>
2462 <u>until September 30, 2008, such</u> contracts shall be comprised of not less
2463 than a total, apportioned among each electric distribution company, of
2464 one hundred <u>twenty-five</u> megawatts<u>; and on and after October 1, 2008,</u>
2465 <u>such contracts shall be comprised of not less than a total, apportioned</u>
2466 <u>among each electrical distribution company, of one hundred fifty</u>

2467 megawatts. The cost of such contracts and the administrative costs for
2468 the procurement of such contracts directly incurred shall be eligible for
2469 inclusion in the adjustment to the transitional standard offer as
2470 provided in this section and any subsequent rates for standard service,
2471 provided such contracts are for a period of time sufficient to provide
2472 financing for such projects, but not less than ten years, and are for
2473 projects which began operation on or after July 1, 2003. Except as
2474 provided in this subdivision, the amount from Class I renewable
2475 energy sources contracted under such contracts shall be applied to
2476 reduce the applicable Class I renewable energy source portfolio
2477 standards. For purposes of this subdivision, the department's
2478 determination of the comparable wholesale market price for
2479 generation shall be based upon a reasonable estimate. On or before
2480 September 1, 2007, the department, in consultation with the Office of
2481 Consumer Counsel and the Renewable Energy Investments Advisory
2482 Council, shall study the operation of such renewable energy contracts
2483 and report its findings and recommendations to the joint standing
2484 committee of the General Assembly having cognizance of matters
2485 relating to energy.

2486 (k) On or before June 30, 2009, notwithstanding the process in
2487 subsection (c) of this section, any electric distribution company may
2488 enter into a tentative proposed contract for standard service or last
2489 resort service. Such tentative contract shall be subject to the approval
2490 of the Department of Public Utility Control, pursuant to sections 16-19
2491 and 16-19e, as amended by this act.

2492 Sec. 54. (NEW) (*Effective from passage*) If, based on the proposals
2493 requested pursuant to section 16-243m of the general statutes, the
2494 Department of Public Utility Control determines that the state needs
2495 peaking generation, the department shall, for every megawatt of
2496 peaking generation awarded to a nonutility generator, direct the
2497 distribution companies to submit bids for an at least equal amount of
2498 megawatts of peaking generation. Each distribution company may
2499 submit proposals in proportion to their relative share of customer load
2500 in the state. An electric distribution company submitting a proposal

2501 pursuant to this subsection shall (1) include its full projected costs,
2502 such that any project costs recovered from or defrayed by ratepayers
2503 are included in the projected costs, and (2) demonstrate to the
2504 department that its proposal is not supported in any form of cross
2505 subsidization by affiliated entities. The department may request that
2506 the electric distribution company submitting a proposal submit further
2507 information that the department determines to be in the public
2508 interest, which the department may use in evaluating the proposal.
2509 The department shall reject proposals that it determines will cost more
2510 than the median cost of the proposals approved pursuant to this
2511 section. The department may, pursuant to section 16-19e of the general
2512 statutes, as amended by this act, reject proposals that are not in the
2513 best interests of customers. An electric distribution company, in an
2514 annual retail generation rate contested case, shall be entitled to recover
2515 its prudently incurred costs of such project, including, but not limited
2516 to, capital costs, operation and maintenance expenses, depreciation,
2517 fuel costs, taxes and other governmental charges and a reasonable rate
2518 of return on equity. The department shall review such recovery of
2519 costs consistent with the principles set forth in sections 16-19, 16-19b
2520 and 16-19e of the general statutes, as amended by this act, provided
2521 the return on equity associated with such project shall be established in
2522 the initial annual contested case proceeding under this subsection and
2523 updated at least once every four years.

2524 Sec. 55. (NEW) (*Effective from passage*) (a) The electric distribution
2525 companies shall conduct an energy and capacity resource assessment
2526 and develop a comprehensive plan for the procurement of energy
2527 resources, including, but not limited to, conventional and renewable
2528 generating facilities, energy efficiency, load management, demand
2529 response, combined heat and power facilities and distributed
2530 generation to meet the projected requirements of their customers in a
2531 manner that minimizes the cost of such resources to customers over
2532 time and maximizes consumer benefits consistent with the state's
2533 environmental goals and standards. On or before January 1, 2008, and
2534 every three years thereafter, the companies shall submit to the
2535 Connecticut Energy Advisory Board, established pursuant to section

2536 16a-3 of the general statutes, as amended by this act, an assessment of
2537 (1) the energy and capacity requirements of customers for the next
2538 three, five and ten years, (2) the impact of current and projected
2539 environmental standards, including, but not limited to, those related to
2540 greenhouse gas emissions and the federal Clean Air Act goals and how
2541 different resources could help achieve those standards and goals, (3)
2542 energy security and economic risks associated with potential energy
2543 resources, and (4) the estimated lifetime cost and availability of
2544 potential energy resources.

2545 (b) Resource needs shall first be met through all available energy
2546 efficiency and demand reduction resources that are cost effective,
2547 reliable and feasible. The plan shall specify (1) the total amount of
2548 energy and capacity resources needed to meet the requirements of all
2549 customers, (2) the extent to which demand side measures, including
2550 efficiency, conservation, demand response and load management can
2551 cost-effectively meet these needs, (3) needs for generating capacity and
2552 transmission and distribution improvements, (4) how the development
2553 of such resources will reduce and stabilize the costs of electricity to
2554 consumers, and (5) the manner in which each of the proposed
2555 resources should be procured, including the optimal contract periods
2556 for various resources.

2557 (c) The procurement plan shall consider: (1) Approaches to
2558 maximizing the impact of demand side measures; (2) the extent to
2559 which generation needs can be met by renewable and combined heat
2560 and power facilities and by the impact of regional market incentives;
2561 (3) types and locations for generation that would optimize the
2562 generation portfolio within the state; (4) fuel types, diversity,
2563 availability, firmness of supply and security and environmental
2564 impacts thereof, including impacts on meeting the state's greenhouse
2565 gas emission goals; (5) reliability, peak load and energy forecasts,
2566 system contingencies and existing resource availabilities; (6) import
2567 limitations and the appropriate reliance on such imports; (7) the costs
2568 and benefits of options for the ownership of energy resources,
2569 including ownership by an electric distribution company; (8) if it is in

2570 the best interest of customers, how new resources could be integrated
2571 into the standard service and last-resort service provided pursuant to
2572 section 16-244c of the general statutes, as amended by this act; and (9)
2573 the impact of the plan on the costs of electric customers, including, but
2574 not limited to, effects on capacity and energy costs, rate stability and
2575 affordability for low-income customers.

2576 (d) The board, in consultation with the regional independent system
2577 operator and in-state generators, shall review and approve the
2578 proposed procurement plan as submitted not later than one hundred
2579 twenty days after receipt. For the purpose of reviewing the plan, the
2580 Commissioners of Transportation and Agriculture, or their respective
2581 designees, shall not participate. The companies shall provide any
2582 additional information requested by the board that is relevant to the
2583 consideration of the procurement plan. In the course of conducting
2584 such review, the board may retain the services of a third-party entity
2585 with experience in the area of energy procurement and may consult
2586 with the regional independent system operator. The board shall
2587 submit the reviewed plan, together with a statement of any unresolved
2588 issues, to the Department of Public Utility Control. The department
2589 shall consider the plan in an uncontested proceeding and shall provide
2590 an opportunity for interested parties to submit comments regarding
2591 the plan. Not later than one hundred twenty days after submission of
2592 the plan, the department shall approve, or modify and approve, the
2593 plan.

2594 Sec. 56. (NEW) (*Effective from passage*) (a) The Department of Public
2595 Utility Control shall implement the procurement plan established in
2596 section 55 of this act by (1) issuing requests for proposals pursuant to
2597 section 58 of this act to meet specified energy resource needs set forth
2598 in the plan or by directing the electric distribution companies to issue
2599 such requests for proposals, (2) directing the electric distribution
2600 companies to incorporate additional demand-side measures set forth
2601 in the plan into the comprehensive conservation and load management
2602 plan prepared pursuant to section 16-245m of the general statutes for
2603 review by the Energy Conservation Management Board, (3) directing

2604 the distribution companies to submit proposals for specific
2605 transmission or distribution improvements or projects set forth in the
2606 plan, or (4) taking other actions within its authority to implement the
2607 plan.

2608 (b) Effective January 1, 2008, until the comprehensive plan is
2609 implemented by the department, the electric distribution companies
2610 shall include all available energy efficiency and demand reduction
2611 resources that are cost effective, reliable and feasible in the
2612 comprehensive conservation and load management plan prepared
2613 pursuant to section 16-245m of the general statutes for review by the
2614 Energy Conservation Management Board.

2615 Sec. 57. Section 16a-3 of the general statutes is repealed and the
2616 following is substituted in lieu thereof (*Effective from passage*):

2617 (a) There is established a Connecticut Energy Advisory Board
2618 consisting of **[**nine**]** sixteen members, including the Commissioner of
2619 Environmental Protection, **[**the chairperson of the Public Utilities
2620 Control Authority,**]** the Commissioner of Transportation, the
2621 Consumer Counsel, the Commissioner of Agriculture, and the
2622 Secretary of the Office of Policy and Management or their respective
2623 designees. The Governor shall appoint **[**one member**]** a representative
2624 of an environmental organization knowledgeable in energy efficiency
2625 programs, a representative of in-state generators, a representative of a
2626 consumer advocacy organization, a representative of a state-wide
2627 business association, a representative of a chamber of commerce, a
2628 representative of a state-wide manufacturing association, a
2629 representative of low-income ratepayers and a representative of state
2630 residents, in general, with expertise in energy issues. The Governor,
2631 the president pro tempore of the Senate **[**shall appoint one member,**]**
2632 and the speaker of the House of Representatives shall each appoint one
2633 member **[**, all**]** of the public, each of whom shall be considered an
2634 expert in electricity, generation, procurement or conservation
2635 programs and shall serve in accordance with section 4-1a. No
2636 appointee may be employed by, or a consultant of, a public service

2637 company, as defined in section 16-1, as amended by this act, or an
2638 electric supplier, as defined in section 16-1, as amended by this act, or
2639 an affiliate or subsidiary of such company or supplier.

2640 (b) The board shall, (1) prepare an annual report pursuant to section
2641 16a-7a; (2) represent the state in regional energy system planning
2642 processes conducted by the regional independent system operator, as
2643 defined in section 16-1, as amended by this act; (3) encourage
2644 representatives from the municipalities that are affected by a proposed
2645 project of regional significance to participate in regional energy system
2646 planning processes conducted by the regional independent system
2647 operator; (4) issue a request-for-proposal in accordance with
2648 subsections (b) and (c) of section 16a-7c; (5) evaluate the proposals
2649 received pursuant to the request-for-proposal in accordance with
2650 subsection (f) of section 16a-7c; (6) participate in a forecast proceeding
2651 conducted pursuant to subsection (a) of section 16-50r; **[**and**]** (7)
2652 participate in a life-cycle proceeding conducted pursuant to subsection
2653 (b) of section 16-50r; and (8) review the procurement plan submitted
2654 by the electric distribution companies pursuant to section 55 of this act.

2655 (c) The board shall elect a chairman and a vice-chairman from
2656 among its members and shall adopt such rules of procedure as are
2657 necessary to carry out its functions.

2658 (d) The board shall convene its first meeting not later than
2659 September 1, 2003. A quorum of the board shall consist of two-thirds
2660 of the members currently serving on the board.

2661 (e) The board shall employ such staff as is required for the proper
2662 discharge of its duties. The board shall also retain any third-party
2663 consultants it deems necessary to accomplish the goals set forth in
2664 subsection (b) of this section. The board shall annually submit to the
2665 Department of Public Utility Control a proposal regarding the level of
2666 funding required for the discharge of its duties, which proposal shall
2667 be approved by the department either as submitted or as modified by
2668 the department.

2669 (f) The Connecticut Energy Advisory Board shall be within the
2670 Office of Policy and Management for administrative purposes only.

2671 Sec. 58. (NEW) (*Effective from passage*) (a) Pursuant to the assessment
2672 conducted under section 55 of this act, the Department of Public Utility
2673 Control may, from time to time, conduct a contested case proceeding
2674 to develop and issue a request for proposals to solicit the development
2675 of demand response, efficiency and load management and new,
2676 expanded or repowered cost-of-service generation. A person that is not
2677 an electric distribution company submitting a proposal pursuant to
2678 this subsection shall include draft contracts containing information
2679 required by subsection (d) of this section in its submission, with
2680 compensation based on cost-of-service. The department may request
2681 that a person submitting a proposal submit further information that
2682 the department determines to be in the public interest, which the
2683 department may use in evaluating the proposal. The department shall
2684 approve contracts consistent with the principles set forth in sections
2685 16-19, 16-19b and 16-19e of the general statutes, as amended by this
2686 act. The department shall reject proposals that are not in the best
2687 interests of customers.

2688 (b) The Department of Public Utility Control shall evaluate
2689 proposals received pursuant to subsection (a) of this section and may
2690 approve one or more of such proposals. The department shall evaluate
2691 the proposals based on consistency with environmental sustainability,
2692 reduction and stabilization of electric rates, the promotion of fuel
2693 diversity and the reduction or overall minimization of increases in
2694 greenhouse gas emissions. The department shall only approve such
2695 proposals that are in the best long-term interest of the customers of the
2696 state. All bids received by the department pursuant to this section shall
2697 be available for public review six months after department approval or
2698 rejection.

2699 (c) The Department of Public Utility Control shall publish requests
2700 for proposals under this section in one or more newspapers or
2701 periodicals, as selected by the department, and shall post such request

2702 for proposals on its web site. The department may retain the services
2703 of a third-party entity with expertise in the area of energy procurement
2704 to oversee the development of the requests for proposals and to assist
2705 the department in its approval of proposals pursuant to this section.
2706 The reasonable and proper expenses for retaining such third-party
2707 entity shall be recoverable through federally mandated congestion
2708 charges, as defined in section 16-1 of the general statutes, as amended
2709 by this act, which charges the department shall allocate to electric
2710 distribution companies in proportion to their revenue.

2711 (d) Any person, other than an electric distribution company,
2712 submitting a proposal pursuant to this section shall include with its
2713 proposal a draft of a contract that includes the transfer to the electric
2714 distribution company of all the capacity rights related to the facility
2715 under contract, and for baseload and intermediate proposals all rights
2716 related to the facility, including, but not limited to, energy, installed
2717 capacity, forward reserve capacity, locational forward reserve capacity,
2718 environmental credits and all other similar or ancillary products
2719 associated with such proposal. The draft contract shall also include
2720 compensation based on cost-of-service and security for ensuring
2721 performance of the contractual obligations. No such draft of a contract
2722 shall have a term exceeding fifteen years. Such draft contract shall
2723 include such provisions as the Department of Public Utility Control
2724 directs.

2725 (e) An electric distribution company shall enter into contracts to
2726 implement those proposals approved pursuant to this section, and
2727 shall apply to the Department of Public Utility Control for approval of
2728 each such contract. After thirty days, either party may request the
2729 assistance of the department to resolve any outstanding issues. No
2730 such contract may become effective without approval of the
2731 department. The department shall hold a hearing that shall be
2732 conducted as a contested case, in accordance with the provisions of
2733 chapter 54 of the general statutes, to approve, reject or modify an
2734 application for approval of such contracts. Such a contract shall contain
2735 terms that mitigate the long-term risk assumed by customers. No

2736 contract approved by the department shall have a term exceeding
2737 fifteen years.

2738 (f) Projects approved pursuant to this section are eligible for
2739 expedited siting through a petition for declaratory ruling pursuant to
2740 subsection (a) of section 16-50k of the general statutes, as amended by
2741 this act. The provisions of section 16a-7c of the general statutes shall
2742 not apply to projects approved pursuant to this section.

2743 Sec. 59. (*Effective July 1, 2007*) On and after July 1, 2009, if the
2744 Department of Public Utility Control does not receive and approve
2745 proposals pursuant to the requests for proposal processes pursuant to
2746 section 58 of this act, sufficient to reach the goal set by the plan
2747 approved pursuant to section 55 of this act, the department shall
2748 conduct a contested case proceeding, in accordance with chapter 54 of
2749 the general statutes, to perform a needs assessment to determine the
2750 total amount and type of energy resource needs, if any, that remain
2751 unaddressed. If the department determines that said needs have been
2752 unaddressed, the department shall conduct a contested case
2753 proceeding to determine the costs and benefits of the state serving as
2754 the builder of last resort for the shortfall of megawatts from said
2755 request for proposal process, and may issue a request for proposal, in
2756 accordance with the provisions of subdivision (1) of subsection (a) of
2757 section 58 of this act to electric distribution companies to address the
2758 shortfall of new, expanded or repowered eligible generation, including
2759 baseload, intermediate, peaking, renewable and demand response. The
2760 department may request that the electric distribution company
2761 submitting a proposal submit further information that the department
2762 determines to be in the public interest, which the department may use
2763 in evaluating the proposal. Each electric distribution company shall be
2764 entitled to recover its prudently incurred costs of such project,
2765 including, but not limited to, capital costs, operation and maintenance
2766 expenses, depreciation, fuel costs, taxes and other governmental
2767 charges, and a reasonable rate or return on equity. The department
2768 shall review such recovery of costs consistent with the principles set
2769 forth in sections 16-19, 16-19b and 16-19e of the general statutes, as

2770 amended by this act, provided the return on equity associated with
2771 such project shall be established in the initial annual contested case
2772 proceeding under this subsection and updated at least once every four
2773 years.

2774 Sec. 60. Section 16-32f of the general statutes is repealed and the
2775 following is substituted in lieu thereof (*Effective July 1, 2007*):

2776 (a) On or before October first of each even-numbered year, a gas
2777 company, as defined in section 16-1, as amended by this act, shall
2778 furnish a report to the Department of Public Utility Control containing
2779 a five-year forecast of loads and resources. The report shall describe
2780 the facilities and supply sources that, in the judgment of such gas
2781 company, will be required to meet gas demands during the forecast
2782 period. The report shall be made available to the public and shall be
2783 furnished to the chief executive officer of each municipality in the
2784 service area of such gas company, the regional planning agency which
2785 encompasses each such municipality, the Attorney General, the
2786 president pro tempore of the Senate, the speaker of the House of
2787 Representatives, the joint standing committee of the General Assembly
2788 having cognizance of matters relating to public utilities, any other
2789 member of the General Assembly making a request to the department
2790 for the report and such other state and municipal entities as the
2791 department may designate by regulation. The report shall include: (1)
2792 A tabulation of estimated peak loads and resources for each year; (2)
2793 data on gas use and peak loads for the five preceding calendar years;
2794 (3) a list of present and projected gas supply sources; (4) specific
2795 measures to control load growth and promote conservation; and (5)
2796 such other information as the department may require by regulation. A
2797 full description of the methodology used to arrive at the forecast of
2798 loads and resources shall also be furnished to the department. The
2799 department shall hold a public hearing on such reports upon the
2800 request of any person. On or before August first of each odd-
2801 numbered year, the department may request a gas company to furnish
2802 to the department an updated report. A gas company shall furnish any
2803 such updated report not later than sixty days following the request of

2804 the department.

2805 (b) Not later than October 1, 2005, and annually thereafter, a gas
2806 company, as defined in section 16-1, as amended by this act, shall
2807 submit to the Department of Public Utility Control a gas conservation
2808 plan, in accordance with the provisions of this section, to implement
2809 cost-effective energy conservation programs and market
2810 transformation initiatives. All supply and conservation and load
2811 management options shall be evaluated and selected within an
2812 integrated supply and demand planning framework. Such plan shall
2813 be funded during each state fiscal year by the revenue from the tax
2814 imposed by section 12-264 on the gross receipts of sales of all public
2815 services companies that is in excess of the revenue estimate for said tax
2816 that is approved by the General Assembly in the appropriations act for
2817 such fiscal year, provided the amount of such excess revenue that shall
2818 be allocated to fund such plan in any state fiscal year shall not exceed
2819 ten million dollars. Such excess revenue shall be deposited in an
2820 account held by the Energy Conservation Management Board,
2821 established pursuant to section 16-245m. Services provided under the
2822 plan shall be available to all gas company customers. Each gas
2823 company shall apply to the Energy Conservation Management Board
2824 for reimbursement for expenditures pursuant to the plan. The
2825 department shall, in an uncontested proceeding during which the
2826 department may hold a public hearing, approve, modify or reject the
2827 plan.

2828 (c) (1) The Energy Conservation Management Board **[**, established
2829 pursuant to section 16-245m,**]** shall advise and assist each such gas
2830 company in the development and implementation of the plan
2831 submitted under subsection (b) of this section. Each program
2832 contained in the plan shall be reviewed by each such gas company and
2833 shall be either accepted, modified or rejected by the Energy
2834 Conservation Management Board before submission of the plan to the
2835 department for approval. The Energy Conservation Management
2836 Board shall, as part of its review, examine opportunities to offer joint
2837 programs providing similar efficiency measures that save more than

2838 one fuel resource or to otherwise coordinate programs targeted at
2839 saving more than one fuel resource. Any costs for joint programs shall
2840 be allocated equitably among the conservation programs.

2841 (2) Programs included in the plan shall be screened through cost-
2842 effectiveness testing that compares the value and payback period of
2843 program benefits to program costs to ensure that the programs are
2844 designed to obtain gas savings whose value is greater than the costs of
2845 the program. Program cost-effectiveness shall be reviewed annually by
2846 the department, or otherwise as is practicable. If the department
2847 determines that a program fails the cost-effectiveness test as part of the
2848 review process, the program shall either be modified to meet the test
2849 or be terminated. On or before January 1, 2007, and annually
2850 thereafter, the board shall provide a report, in accordance with the
2851 provisions of section 11-4a, to the joint standing committees of the
2852 General Assembly having cognizance of matters relating to energy and
2853 the environment, that documents expenditures and funding for such
2854 programs and evaluates the cost-effectiveness of such programs
2855 conducted in the preceding year, including any increased cost-
2856 effectiveness owing to offering programs that save more than one fuel
2857 resource.

2858 (3) Programs included in the plan may include, but are not limited
2859 to: (A) Conservation and load management programs, including
2860 programs that benefit low-income individuals; (B) research,
2861 development and commercialization of products or processes that are
2862 more energy-efficient than those generally available; (C) development
2863 of markets for such products and processes; (D) support for energy use
2864 assessment, engineering studies and services related to new
2865 construction or major building renovations; (E) the design,
2866 manufacture, commercialization and purchase of energy-efficient
2867 appliances, air conditioning and heating devices; (F) program planning
2868 and evaluation; (G) joint fuel conservation initiatives and programs
2869 targeted at saving more than one fuel resource; and (H) public
2870 education regarding conservation. Such support may be by direct
2871 funding, manufacturers' rebates, sale price and loan subsidies, leases

2872 and promotional and educational activities. The plan shall also provide
2873 for expenditures by the Energy Conservation Management Board for
2874 the retention of expert consultants and reasonable administrative costs,
2875 provided such consultants shall not be employed by, or have any
2876 contractual relationship with, a gas company. Such costs shall not
2877 exceed five per cent of the total cost of the plan.

2878 **[**(d) Nothing in this section shall be construed to require the
2879 Department of Public Utility Control to establish a conservation charge
2880 to support the programs in this section.**]**

2881 Sec. 61. Section 16a-7c of the general statutes is amended by adding
2882 subsection (g) as follows (*Effective July 1, 2007*):

2883 (NEW) (g) When evaluating submissions pursuant to subsection (f)
2884 of this section for a facility described in subdivision (3) of subsection
2885 (a) of section 16-50i that are in excess of sixty-five megawatts, the
2886 board shall perform a net energy analysis for each proposal. Such
2887 analysis shall include calculations of all embodied energy
2888 requirements used in the materials for initial construction of the
2889 facility over its projected useful lifetime. The analysis shall be
2890 expressed in a dimensionless unit as an energy profit ratio of energy
2891 generated by the facility to the calculated net energy expended in plant
2892 construction, maintenance and total fuel cycle energy requirements
2893 over the projected useful lifetime of the facility. The boundary for both
2894 the net energy calculations of the fuel cycle and materials for the
2895 facility construction and maintenance shall both be at the point of
2896 primary material extraction and include the energy consumed through
2897 the entire supply chain to final, but not be limited to, such subsequent
2898 steps as transportation, refinement and energy for delivery to the end
2899 consumer. The results of said net energy analysis shall be included in
2900 the results forwarded to the Connecticut Siting Council pursuant to
2901 subsection (f) of this section. For purposes of this subsection, "facility
2902 net energy" means the heat energy delivered by the facility contained
2903 in a fuel minus the life cycle energy used to produce the facility. "Fuel
2904 net energy" means the heat energy contained in a fuel minus the

2905 energy used to extract the fuel from the environment, refine it to a
2906 socially useful state and deliver it to consumers, and "embodied
2907 energy" means the total energy used to build and maintain a process,
2908 expressed in calorie equivalents of one type of energy.

2909 Sec. 62. Subsection (b) of section 16a-7c of the general statutes is
2910 repealed and the following is substituted in lieu thereof (*Effective July*
2911 *1, 2007*):

2912 (b) On or after December 1, 2004, not later than fifteen days after the
2913 filing of an application pursuant to subdivision (1) of subsection (a) of
2914 section 16-50i, except for an application for a facility described in
2915 subdivision (5) or (6) of subsection (a) of section 16-50i, the Connecticut
2916 Energy Advisory Board shall issue a request-for-proposal to seek
2917 alternative solutions to the need that will be addressed by the
2918 proposed facility in such application. Such request-for-proposal shall,
2919 where relevant, solicit proposals that include distributed generation or
2920 energy efficiency measures. The board shall publish such request-for-
2921 proposal in one or more newspapers or periodicals, as selected by the
2922 board. Any facility generating not more than five megawatts shall be
2923 exempt from the request for proposal process described in this
2924 subsection. Notwithstanding the provisions of this subsection, the
2925 board, by a vote of two-thirds of the members present and voting, may
2926 determine that a request-for-proposal is unnecessary for a specific
2927 application because the process is not likely to result in a reasonable
2928 alternative to the proposed facility. On or before December 1, 2007,
2929 after seeking public comment, the board shall approve additional
2930 criteria for considering whether a request-for-proposal process should
2931 not be required for a specific application. Any determination that a
2932 request-for-proposal is not required shall include the board's reasons
2933 for such determination.

2934 Sec. 63. Subdivision (2) of subsection (a) of section 16-50*l* of the
2935 general statutes is repealed and the following is substituted in lieu
2936 thereof (*Effective July 1, 2007*):

2937 (2) On or after December 1, 2004, the filing of an application

2938 pursuant to subdivision (1) of this subsection shall initiate the request-
2939 for-proposal process, except for an application for a facility described
2940 in subdivision (4), (5) or (6) of subsection (a) of section 16-50i.

2941 Sec. 64. (*Effective from passage*) Notwithstanding the provisions of
2942 title 22a of the general statutes, the Department of Environmental
2943 Protection shall review any permit applications filed on or after July 1,
2944 2007, and not later than January 1, 2010, that are necessary for the
2945 installation of distributed resources, as defined in section 16-1 of the
2946 general statutes, as amended by this act, including cogeneration
2947 systems that utilize fossil fuels as the primary fuel source and issue a
2948 final decision not later than one hundred twenty days after the
2949 application has been submitted and has satisfied all administrative
2950 requirements.

2951 Sec. 65. (NEW) (*Effective from passage*) On or before September 1,
2952 2007, the Commissioner of Public Utility Control and the
2953 Commissioner of Environmental Protection shall establish
2954 coordinating protocols within a memorandum of understanding for air
2955 emission permit provisions related to operating emergency generation
2956 dispatch. Not later than February 1, 2008, and upon any modification
2957 to such memorandum of understanding, said commissioners shall
2958 report the details of such memorandum of understanding to the joint
2959 standing committees of the General Assembly having cognizance of
2960 matters relating to energy and the environment.

2961 Sec. 66. Section 13a-126 of the general statutes is repealed and the
2962 following is substituted in lieu thereof (*Effective from passage*):

2963 As used in this section, "public service facility" includes all
2964 privately, publicly or cooperatively owned lines, facilities and systems
2965 for producing, transmitting or distributing communications, cable
2966 television, power, electricity, light, heat, gas, oil, crude products,
2967 water, steam, waste, storm water not connected with highway
2968 drainage and any other similar commodities, including fire and police
2969 signal systems and street lighting systems which directly or indirectly
2970 serve the public. Whenever the commissioner determines that any

2971 public service facility located within, on, along, over or under any land
2972 comprising the right-of-way of a state highway or any other public
2973 highway when necessitated by the construction or reconstruction of a
2974 state highway shall be readjusted or relocated in or removed from such
2975 right-of-way, the commissioner shall issue an appropriate order to the
2976 company, corporation or municipality owning or operating such
2977 facility, and such company, corporation or municipality shall readjust,
2978 relocate or remove the same promptly in accordance with such order;
2979 provided an equitable share of the cost of such readjustment,
2980 relocation or removal, including the cost of installing and constructing
2981 a facility of equal capacity in a new location, shall be borne by the
2982 state, except that the state shall not bear any share of the cost of a
2983 project of an electric distribution company, as defined in section 16-1,
2984 as amended by this act, to readjust, relocate or remove any facility, as
2985 defined in subsection (a) of section 16-50i, used for transmitting
2986 electricity or as an electric transmission trunkline. The Department of
2987 Transportation shall evaluate the total costs of such a project, including
2988 department costs for construction or reconstruction and electric
2989 distribution company costs for readjusting, relocating or removing
2990 such facility, so as to minimize the overall costs incurred by the state
2991 and the electric distribution company. The electric distribution
2992 company may provide the department with proposed alternatives to
2993 the relocation, readjustment or removal proposed by the department
2994 and shall be responsible for any changes to project costs attributable to
2995 adoption of the company's proposed alternative designs for such
2996 project, including changes to the area of the relocation, readjustment or
2997 removal and any incremental costs incurred by the department to
2998 evaluate such alternatives. If such electric distribution company and
2999 the department cannot agree on a plan for such project, the
3000 Commissioner of Transportation and the chairperson of the
3001 Department of Public Utility Control shall, on request of the company,
3002 jointly determine the alternative for the project. Such equitable share,
3003 in the case of or in connection with the construction or reconstruction
3004 of any limited access highway, shall be the entire cost, less the
3005 deductions provided in this section, and, in the case of or in connection

3006 with the construction or reconstruction of any other state highway,
3007 shall be such portion or all of the entire cost, less the deductions
3008 provided in this section, as may be fair and just under all the
3009 circumstances, but shall not be less than fifty per cent of such cost after
3010 the deductions provided in this section. In establishing the equitable
3011 share of the cost to be borne by the state, there shall be deducted from
3012 the cost of the readjusted, relocated or removed facilities a sum based
3013 on a consideration of the value of materials salvaged from existing
3014 installations, the cost of the original installation, the life expectancy of
3015 the original facility and the unexpired term of such life use. When any
3016 facility is removed from the right-of-way of a public highway to a
3017 private right-of-way, the state shall not pay for such private right-of-
3018 way, provided, when a municipally-owned facility is thus removed
3019 from a municipally-owned highway, the state shall pay for the private
3020 right-of-way needed by the municipality for such relocation. If the
3021 commissioner and the company, corporation or municipality owning
3022 or operating such facility cannot agree upon the share of the cost to be
3023 borne by the state, either may apply to the superior court for the
3024 judicial district within which such highway is situated, or, if said court
3025 is not in session, to any judge thereof, for a determination of the cost to
3026 be borne by the state, and said court or such judge, after causing notice
3027 of the pendency of such application to be given to the other party, shall
3028 appoint a state referee to make such determination. Such referee,
3029 having given at least ten days' notice to the parties interested of the
3030 time and place of the hearing, shall hear both parties, shall view such
3031 highway, shall take such testimony as such referee deems material and
3032 shall thereupon determine the amount of the cost to be borne by the
3033 state and immediately report to the court. If the report is accepted by
3034 the court, such determination shall, subject to right of appeal as in civil
3035 actions, be conclusive upon both parties.

3036 Sec. 67. (NEW) (*Effective July 1, 2007*) Notwithstanding any
3037 limitation imposed by its charter, each domestic electric company is
3038 authorized and empowered to generate and transmit electric energy,
3039 and to acquire utility facilities necessary or convenient for the
3040 purposes of its electric utility business or undivided interest therein

3041 and to operate the same, anywhere within or without this state,
3042 provided nothing in this section shall be construed to authorize such a
3043 company to sell electric energy in this state to any person, or any area,
3044 except as otherwise authorized by its charter or the general statutes.
3045 For purposes of this section, "domestic electric company" means an
3046 electric company or electric distribution company, as defined in section
3047 16-1 of the general statutes, as amended by this act, any membership
3048 electric cooperative organized under chapter 597 of the general statutes
3049 and any municipal electric utility or municipal electric energy
3050 cooperative, as defined respectively in section 7-233b of the general
3051 statutes that has been chartered by or organized or constitute within or
3052 under the laws of this state.

3053 Sec. 68. Subsection (e) of section 16-2 of the general statutes is
3054 repealed and the following is substituted in lieu thereof (*Effective*
3055 *October 1, 2007*):

3056 (e) To insure the highest standard of public utility regulation, on
3057 and after July 1, 1997, at least three of the commissioners of the
3058 authority shall have education or training and three or more years of
3059 experience in one or more of the following fields: Economics,
3060 engineering, law, accounting, finance, utility regulation, public or
3061 government administration, consumer advocacy, business
3062 management, and environmental management. On and after July 1,
3063 1997, at least three of these fields shall be represented on the authority
3064 by individual commissioners at all times. <u>Any time a commissioner is</u>
3065 <u>newly appointed, at least one of the commissioners shall have</u>
3066 <u>experience in utility customer advocacy.</u>

3067 Sec. 69. (*Effective July 1, 2007*) Not later than January 1, 2008, the
3068 Connecticut Energy Advisory Board shall conduct a study to develop
3069 recommendations on how to (1) coordinate and integrate the state's
3070 energy entities; (2) achieve the goals of (A) the Regional Greenhouse
3071 Gas Initiative, and (B) the state, with regard to the reduction of
3072 emissions of greenhouse gas, as provided by section 22a-200a of the
3073 general statutes; and (3) promote indigenous alternative fuel resources.

3074 The board shall submit a report containing its recommendations,
3075 including recommendations for legislation, to the joint standing
3076 committee of the General Assembly having cognizance of matters
3077 relating to energy and technology not later than January 1, 2009.

3078 Sec. 70. (*Effective from passage*) (a) Not later than July 1, 2007, the
3079 Connecticut Energy Advisory Board shall conduct a study on the
3080 efficacy, innovativeness and customer focus on electric conservation
3081 programs. The board shall hold a public hearing on such matters. In
3082 the study, the board shall investigate the options of (1) selecting a
3083 state-wide provider of conservation programs through a competitive
3084 process, which shall be open to electric distribution companies, the
3085 Connecticut Municipal Electrical Energy Cooperative and other
3086 entities; (2) retaining the current delivery system for conservation
3087 programs; and (3) having a nonprofit organization provide the
3088 conservation programs.

3089 (b) Not later than October 1, 2007, the Connecticut Energy Advisory
3090 Board shall conduct a study of the effectiveness of the Renewable
3091 Energy Investment Fund. The board shall hold a public hearing on
3092 such matters. Such study shall include, but not be limited to, (1) the
3093 selection of clean energy production projects and rates of success, (2)
3094 the actual megawatts of renewable power in operation in this state
3095 funded by Renewable Energy Investment Fund programs, (3) the
3096 efficacy of Renewable Energy Investment Fund technology
3097 commercialization plans and strategies, (4) the cost and cost trends of
3098 procuring clean energy options, and (5) overall program cost-
3099 effectiveness.

3100 (c) The board shall submit a report containing its findings to the
3101 joint standing committee of the General Assembly having cognizance
3102 of matters relating to energy and technology not later than February 1,
3103 2008.

3104 Sec. 71. (*Effective October 1, 2007*) Not later than January 1, 2009, the
3105 Department of Public Utility Control shall study (A) the efficacy and
3106 rate impact of last resort service provided pursuant to subsection (e) of

3107 section 16-244c of the general statutes, as amended by this act,
3108 including, but not limited to, the service's effect on the ability of this
3109 service to meet the needs of commercial and industrial customers and
3110 the development of a competitive electric supply marketplace with
3111 competitive suppliers and products, and (B) the efficacy and rate
3112 impact of standard service pursuant to subsection (c) of section 16-244c
3113 of the general statutes, as amended by this act, including, but not
3114 limited to, the service's success in meeting performance with respect to
3115 the standards set forth in section 53 of this act.

3116 Sec. 72. (*Effective from passage*) Not later than September 1, 2007, the
3117 Department of Public Utility Control shall conduct a contested case
3118 proceeding to determine how and whether to bid competitively for the
3119 aggregation and procurement of contracts for the customers receiving
3120 standard service pursuant to section 16-244c of the general statutes, as
3121 amended by this act. The department's decision shall be based on the
3122 standards set forth in section 55 of this act.

3123 Sec. 73. (NEW) (*Effective July 1, 2007*) (a) For purposes of this section,
3124 "fuel oil" means the product designated by the American Society for
3125 Testing and Materials as "Specifications for Heating Oil D396-69",
3126 commonly known as number 2 heating oil, and grade number 4, grade
3127 number 5 and grade number 6 fuel oil, provided such heating and fuel
3128 oil are used for purposes other than the generation of power to propel
3129 motor vehicles or for the generation of electricity.

3130 (b) On or before November 1, 2007, the Fuel Oil Conservation Board
3131 shall, after issuing a request for proposals, select an entity qualified to
3132 administer and implement conservation and energy efficiency
3133 programs for fuel oil customers, as described in this section, to act as
3134 the program administrator for such programs and shall enter into a
3135 contract not to exceed three years in duration for such purpose. At the
3136 expiration of the contract, the board may renew the contract if it finds
3137 that the administrator's performance has been satisfactory, or the
3138 board may issue a new request for proposals.

3139 (c) On or before March 1, 2008, and annually thereafter, the program

3140 administrator shall submit to the Energy Conservation Management
3141 Board a fuel oil conservation plan in accordance with the provisions of
3142 this section for the balance of 2008. On or before October 1, 2008, and
3143 annually thereafter, the program administrator shall submit to the Fuel
3144 Oil Conservation Board a fuel oil conservation plan for the next
3145 calendar year in accordance with the provisions of this section. The
3146 board shall hold a public hearing on each such plan.

3147 (d) (1) The Fuel Oil Conservation Board shall advise and assist the
3148 program administrator in the development and implementation of a
3149 comprehensive plan, which shall be approved by the board, that
3150 implements cost-effective fuel oil energy conservation programs and
3151 market transformation initiatives for residential, commercial and
3152 industrial fuel oil customers. The board shall, as part of its review,
3153 examine opportunities to offer joint programs providing similar
3154 efficiency measures that save more than one fuel resource or to
3155 otherwise coordinate programs targeted at saving more than one fuel
3156 resource.

3157 (2) Program cost-effectiveness shall be reviewed annually by the
3158 Fuel Oil Conservation Board, or otherwise as practicable. Programs
3159 included in the plan shall be evaluated as to cost-effectiveness by
3160 comparing the value and payback period of the program benefits to
3161 the program costs to ensure that the programs are designed to obtain
3162 fuel oil savings, the value of which are greater than the costs of the
3163 program. If the board determines that a program fails such cost-
3164 effectiveness test, the board shall modify the program to meet the test
3165 or terminate the program. On or before February 1, 2009, and annually
3166 thereafter, the Fuel Oil Conservation Board shall provide a report to
3167 the joint standing committees of the General Assembly having
3168 cognizance of matters relating to energy and the environment, in
3169 accordance with the provisions of section 11-4a of the general statutes,
3170 that documents expenditures and fund balances and evaluates the
3171 cost-effectiveness of such programs conducted in the preceding year,
3172 including any increased cost-effectiveness due to offering programs
3173 that save more than one fuel resource.

3174 (3) Programs included in the plan may include, but not be limited
3175 to: (A) Conservation programs, including programs that benefit low-
3176 income persons; (B) research, development and commercialization of
3177 products or processes that are more energy-efficient than those
3178 generally available; (C) development of markets for such products and
3179 processes; (D) support for energy use assessment, engineering studies
3180 and services related to new construction or major building
3181 renovations; (E) the design, manufacture, commercialization and
3182 purchase of energy-efficient appliances and heating devices; (F)
3183 program planning and evaluation; (G) joint fuel conservation
3184 initiatives and programs targeted at saving more than one fuel
3185 resource; and (H) public education regarding conservation. Such
3186 support may be by direct funding, manufacturers' rebates, sale price
3187 and loan subsidies, leases and promotional and educational activities.
3188 The plan shall also provide for expenditures by the Fuel Oil
3189 Conservation Board for the retention of expert consultants and
3190 reasonable administrative costs, provided such consultants shall not be
3191 employed by, or have any contractual relationship with, a fuel oil
3192 company or the program administrator. Such costs shall not exceed
3193 five per cent of the total cost of the plan.

3194 (e) (1) There is established a Fuel Oil Conservation Board consisting
3195 of fifteen members, including:

3196 (A) One member representing dealers with retail oil heat sales in
3197 excess of fifteen million gallons in the state, appointed by the president
3198 pro tempore of the Senate;

3199 (B) One member representing dealers with retail oil heat sales of less
3200 than fifteen million gallons in the state, appointed by the speaker of the
3201 House of Representatives;

3202 (C) One member representing the heating, ventilation and air-
3203 conditioning trades licensed under chapter 393 of the general statutes,
3204 appointed by the majority leader of the Senate;

3205 (D) One member representing wholesale heating distributors

3206 operating within the state, appointed by the majority leader of the
3207 House of Representatives;

3208 (E) One member representing a state-wide environmental advocacy
3209 group, appointed by the minority leader of the Senate;

3210 (F) The chairperson of the Heating, Piping, Cooling and Sheet Metal
3211 Work Board established under chapter 393 of the general statutes;

3212 (G) One member from a state-wide retail oil dealer trade
3213 association, appointed by the minority leader of the House of
3214 Representatives;

3215 (H) Six members of the public appointed by the Governor, of which
3216 one shall be a representative of an environmental organization
3217 knowledgeable in energy efficiency programs, one shall be a
3218 representative of in-state generators, one shall be a representative of a
3219 consumer advocacy organization, one shall be a representative of the
3220 business community, one shall be a representative of low-income
3221 ratepayers and one shall be a representative of state residents, in
3222 general, and all of whom shall have expertise in energy issues, and

3223 (I) All appointed members of the board shall serve in accordance
3224 with section 4-1a of the general statutes.

3225 (2) The Fuel Oil Conservation Board shall establish itself as a tax
3226 exempt organization in accordance with the provisions of Section
3227 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent
3228 corresponding internal revenue code of the United States, as from time
3229 to time amended. Not later than July 1, 2008, and biennially thereafter,
3230 a third party selected by the Attorney General shall audit the activities
3231 of the board. The results of such audit shall be submitted in a report to
3232 the joint standing committees of the General Assembly having
3233 cognizance of matters relating to energy and the environment, in
3234 accordance with the provisions of section 11-4a of the general statutes.

3235 (3) The Fuel Oil Conservation Board shall establish a fuel oil
3236 conservation account. The account shall be a separate, nonlapsing

3237 accounting within the General Fund and shall be funded by annual
3238 revenue from the tax imposed by section 12-587 of the general statutes
3239 on the sale of petroleum products gross earnings that is in excess of
3240 said revenue collected during 2006, provided the amount of such
3241 revenue that shall be allocated to said account in any year shall not
3242 exceed ten million dollars. Said funds shall be deposited into the fuel
3243 oil conservation account.

3244 (4) The Fuel Oil Conservation Board shall authorize specific
3245 amounts from the fuel oil conservation account established pursuant to
3246 subdivision (3) of this subsection to the program administrator
3247 selected to implement an approved plan under this section. Such
3248 amounts shall be in the form of grants, which the board shall award
3249 twice a year. Any moneys left in the account at the end of each fiscal
3250 year shall be transferred outright to the General Fund.

3251 Sec. 74. Subsection (j) of section 16-19b of the general statutes is
3252 repealed and the following is substituted in lieu thereof (*Effective July*
3253 *1, 2007*):

3254 (j) Any purchased gas adjustment clause or energy adjustment
3255 clause approved by the department may include a provision designed
3256 to allow the electric or gas company to charge or reimburse the
3257 customer for any under-recovery or over-recovery of overhead and
3258 fixed costs due solely to the deviation of actual retail sales of electricity
3259 or gas from projected retail sales of electricity or gas. <u>The provision</u>
3260 <u>may be based on changes to either total retail sales or per customer</u>
3261 <u>retail sales. That specifically and directly result from new or ongoing</u>
3262 <u>energy efficiency, conservation, demand response or load management</u>
3263 <u>initiatives implemented by the company.</u> The department shall include
3264 such provision in any energy adjustment clause approved for an
3265 electric company if it determines (1) that a significant cause of excess
3266 earnings by the electric company is an increase in actual retail sales of
3267 electricity over projected retail sales of electricity as determined at the
3268 time of the electric company's most recent rate amendment, and (2)
3269 that such provision is likely to benefit the customers of the electric

3270 company. The department may include such provision in any
3271 purchased gas adjustment clause or energy adjustment clause
3272 approved for a gas company or an electric company on or after the
3273 issuance of a final decision in a proceeding on amendments to rate
3274 schedules for such company.

3275 Sec. 75. Subsection (a) of section 16-50k of the general statutes is
3276 repealed and the following is substituted in lieu thereof (*Effective*
3277 *October 1, 2007*):

3278 (a) Except as provided in subsection (b) of section 16-50z, no person
3279 shall exercise any right of eminent domain in contemplation of,
3280 commence the preparation of the site for, **[**or**]** commence the
3281 construction or supplying of a facility, or commence any modification
3282 of a facility, that may, as determined by the council, have a substantial
3283 adverse environmental effect in the state without having first obtained
3284 a certificate of environmental compatibility and public need,
3285 hereinafter referred to as a "certificate", issued with respect to such
3286 facility or modification by the council. **[**, except**]** Certificates shall not
3287 be required for (1) fuel cells built within the state with a generating
3288 capacity of two hundred fifty kilowatts or less, or (2) fuel cells built
3289 elsewhere with a generating capacity of ten kilowatts or less. **[**which
3290 shall not require such certificate.**]** Any facility with respect to which a
3291 certificate is required shall thereafter be built, maintained and operated
3292 in conformity with such certificate and any terms, limitations or
3293 conditions contained therein. Notwithstanding the provisions of this
3294 chapter or title 16a, the council shall, in the exercise of its jurisdiction
3295 over the siting of generating facilities, approve by declaratory ruling
3296 **[**(1)**]** (A) the construction of a facility solely for the purpose of
3297 generating electricity, other than an electric generating facility that
3298 uses nuclear materials or coal as fuel, at a site where an electric
3299 generating facility operated prior to July 1, 2004, **[**(2)**]** (B) the
3300 construction or location of any fuel cell, unless the council finds a
3301 substantial adverse environmental effect, or of any customer-side
3302 distributed resources project or facility or grid-side distributed
3303 resources project or facility with a capacity of not more than sixty-five

3304 megawatts, as long as such project meets air and water quality
3305 standards of the Department of Environmental Protection, and [(3)] (C)
3306 the siting of temporary generation solicited by the Department of
3307 Public Utility Control pursuant to section 16-19ss, as amended by this
3308 act.

3309 Sec. 76. Subdivision (6) of subsection (a) of section 16-244e of the
3310 general statutes is repealed and the following is substituted in lieu
3311 thereof (*Effective July 1, 2007*):

3312 (6) Once unbundling is completed to the satisfaction of the
3313 department and consistent with the provisions of section 16-244, (A)
3314 any corporate affiliate or separate division that provides electric
3315 generation services as a result of unbundling pursuant to this
3316 subsection shall be considered a generation entity or affiliate of the
3317 electric company, and the division or corporate affiliate of the electric
3318 company that provides transmission and distribution services shall be
3319 considered an electric distribution company, and (B) an electric
3320 distribution company shall not own or operate generation assets,
3321 except as provided in this section, [and] section 16-243m, as amended
3322 by this act, and sections 54 and 59 of this act.

3323 Sec. 77. Subsection (d) of section 16-19ss of the general statutes is
3324 repealed and the following is substituted in lieu thereof (*Effective July*
3325 *1, 2007*):

3326 (d) Nothing in this section shall be construed to allow an electric
3327 distribution company to own, operate, lease or control any facility or
3328 asset that generates electricity, or retain any interest in such facility or
3329 asset as part of any transaction concluded pursuant to this section,
3330 except as provided in subsection (e) of section 16-244e [and] section 16-
3331 243m, as amended by this act, and sections 54, 58 and 59 of this act.

3332 Sec. 78. Section 1 of public act 05-2 of the October 25 special session
3333 is repealed and the following is substituted in lieu thereof (*Effective July*
3334 *1, 2007*):

3335 Notwithstanding the provisions of sections 4-28b and 16a-41a of the
3336 general statutes, the Commissioner of Social Services shall [amend the
3337 adopted] adopt a low income home energy assistance program block
3338 grant allocation plan for the [purpose of modifying the 2005/2006]
3339 2007/2008 Connecticut energy assistance program state plan in the
3340 following manner: (1) To increase the basic benefit provided to all
3341 eligible households, including eligible households whose heat is
3342 included in their rent, over the benefit provided for the 2005/2006
3343 plan, prior to the amendment of said plan, by two hundred dollars, (2)
3344 to fund, for the fiscal year ending June 30, 2008, the contingency
3345 heating assistance program under the Connecticut energy assistance
3346 program to provide a three hundred dollar basic benefit to eligible
3347 households, as defined in the Connecticut energy assistance program
3348 state plan, whose gross annual income is not more than sixty per cent
3349 of the median state income by household size, and an additional two
3350 hundred dollar crisis assistance benefit for such households who have
3351 exhausted their basic benefit and are unable to secure primary heat,
3352 causing a life threatening situation, (3) to increase the number of
3353 households weatherized pursuant to the Connecticut energy assistance
3354 program, and (4) to increase the number of households receiving home
3355 heating equipment tune-ups and home energy efficiency measures
3356 pursuant to the home energy assistance and reimbursements for tune-
3357 ups on heating equipment grant program as administered pursuant to
3358 subsection (c) of section 2 of [this act] public act 05-2 of the October 25
3359 special session, as amended by section 1 of public act 05-4 of the
3360 October 25 special session.

3361 Sec. 79. Section 16a-41a of the general statutes is repealed and the
3362 following is substituted in lieu thereof (*Effective July 1, 2007*):

3363 (a) The Commissioner of Social Services shall submit to the joint
3364 standing committees of the General Assembly having cognizance of
3365 energy planning and activities, appropriations, and human services the
3366 following on the implementation of the block grant program
3367 authorized under the Low-Income Home Energy Assistance Act of
3368 1981, as amended:

3369 (1) Not later than August first, annually, a Connecticut energy
3370 assistance program annual plan which establishes guidelines for the
3371 use of funds authorized under the Low-Income Home Energy
3372 Assistance Act of 1981, as amended, and includes the following:

3373 (A) Criteria for determining which households are to receive
3374 emergency and weatherization assistance;

3375 (B) A description of systems used to ensure referrals to other energy
3376 assistance programs and the taking of simultaneous applications, as
3377 required under section 16a-41;

3378 (C) A description of outreach efforts;

3379 (D) Estimates of the total number of households eligible for
3380 assistance under the program and the number of households in which
3381 one or more elderly or physically disabled individuals eligible for
3382 assistance reside; and

3383 (E) Design of a basic grant for eligible households that does not
3384 discriminate against such households based on the type of energy used
3385 for heating;

3386 (2) Not later than January thirtieth, annually, a report covering the
3387 preceding months of the program year, including:

3388 (A) In each community action agency geographic area and
3389 Department of Social Services region, the number of fuel assistance
3390 applications filed, approved and denied, the number of emergency
3391 assistance requests made, approved and denied and the number of
3392 households provided weatherization assistance;

3393 (B) In each such area and district, the total amount of fuel,
3394 emergency and weatherization assistance, itemized by such type of
3395 assistance, and total expenditures to date; and

3396 (C) For each state-wide office of each state agency administering the
3397 program, each community action agency and each Department of

3398 Social Services region, administrative expenses under the program, by
3399 line item, and an estimate of outreach expenditures; and

3400 (3) Not later than November first, annually, a report covering the
3401 preceding twelve calendar months, including:

3402 (A) In each community action agency geographic area and
3403 Department of Social Services region, (i) seasonal totals for the
3404 categories of data submitted under subdivision (1) of this subsection,
3405 (ii) the number of households receiving fuel assistance in which elderly
3406 or physically disabled individuals reside, and (iii) the average
3407 combined benefit level of fuel, emergency and renter assistance;

3408 (B) Types of weatherization assistance provided;

3409 (C) Percentage of weatherization assistance provided to tenants;

3410 (D) The number of homeowners and tenants whose heat or total
3411 energy costs are not included in their rent receiving fuel and
3412 emergency assistance under the program by benefit level;

3413 (E) The number of homeowners and tenants whose heat is included
3414 in their rent and who are receiving assistance, by benefit level; and

3415 (F) The number of households receiving assistance, by energy type
3416 and total expenditures for each energy type.

3417 (b) The Commissioner of Social Services shall implement a program
3418 to purchase [number two home heating oil at a reduced rate for low-
3419 income households participating in the Connecticut energy assistance
3420 program and the state-appropriated fuel assistance program. Each
3421 agency administering a fuel assistance program shall submit reports,
3422 as requested by the commissioner, concerning pricing information
3423 from vendors of number two home heating oil participating in the
3424 program. Such information shall include, but not be limited to, a
3425 vendor's regular retail price per gallon of number two home heating
3426 oil, the reduced price per gallon paid by the state for the heating oil,
3427 the number of gallons delivered to the state under the program and the

3428 total savings under the program due to the purchase of number two
3429 home heating oil at a reduced rate] deliverable fuel for low-income
3430 households participating in the Connecticut energy assistance program
3431 and the state-appropriated fuel assistance program. The commissioner
3432 shall ensure that all fuel assistance recipients are treated the same as
3433 any other similarly situated customer and that no fuel vendor
3434 discriminates against fuel assistance program recipients who are under
3435 the vendor's standard payment, delivery, service or other similar
3436 plans. The commissioner shall take advantage of programs offered by
3437 fuel vendors that reduce the cost of the fuel purchased, including, but
3438 not limited to, fixed price, capped price, prepurchase or summer-fill
3439 programs that reduce program cost and that make the maximum use
3440 of program revenues. The commissioner shall ensure that all agencies
3441 administering the fuel assistance program shall make payments to
3442 program fuel vendors in advance of the delivery of energy where
3443 vendor provided price-management strategies require payments in
3444 advance.

3445 (c) Each community action agency administering a fuel assistance
3446 program shall submit reports, as requested by the Commissioner of
3447 Social Services, concerning pricing information from vendors of
3448 deliverable fuel participating in the program. Such information shall
3449 include, but not be limited to, the state-wide or regional retail price per
3450 unit of deliverable fuel, the reduced price per unit paid by the state for
3451 the deliverable fuel in utilizing price management strategies offered by
3452 program vendors for all consumers, the number of units delivered to
3453 the state under the program and the total savings under the program
3454 due to the purchase of deliverable fuel utilizing price-management
3455 strategies offered by program vendors for all consumers.

3456 (d) Each community action agency administering a fuel assistance
3457 program shall begin accepting applications for the program not later
3458 than September first of each year.

3459 Sec. 80. Section 16-262c of the general statutes is repealed and the
3460 following is substituted in lieu thereof (*Effective October 1, 2007*):

3461 (a) Notwithstanding any other provision of the general statutes no
3462 electric, electric distribution, gas, telephone or water company, no
3463 electric supplier or certified telecommunications provider, and no
3464 municipal utility furnishing electric, gas, telephone or water service
3465 shall cause cessation of any such service by reason of delinquency in
3466 payment for such service (1) on any Friday, Saturday, Sunday, legal
3467 holiday or day before any legal holiday, provided such a company,
3468 electric supplier, certified telecommunications provider or municipal
3469 utility may cause cessation of such service to a nonresidential account
3470 on a Friday which is not a legal holiday or the day before a legal
3471 holiday when the business offices of the company, electric supplier,
3472 certified telecommunications provider or municipal utility are open to
3473 the public the succeeding Saturday, (2) at any time during which the
3474 business offices of said company, electric supplier, certified
3475 telecommunications provider or municipal utility are not open to the
3476 public, or (3) within one hour before the closing of the business offices
3477 of said company, electric supplier or municipal utility.

3478 (b) (1) From November first to **[**April fifteenth**]** May first, inclusive,
3479 no electric or electric distribution company, as defined in section 16-1,
3480 as amended by this act, no electric supplier and no municipal utility
3481 furnishing electricity shall terminate or refuse to reinstate residential
3482 electric service in hardship cases where the customer lacks the
3483 financial resources to pay his or her entire account. From November
3484 first to **[**April fifteenth**]** May first, inclusive, no gas company and no
3485 municipal utility furnishing gas shall terminate or refuse to reinstate
3486 residential gas service in hardship cases where the customer uses such
3487 gas for heat and lacks the financial resources to pay his or her entire
3488 account, except a gas company that, between **[**April sixteenth**]** May
3489 second and October thirty-first, terminated gas service to a residential
3490 customer who uses gas for heat and who, during the previous period
3491 of November first to **[**April fifteenth**]** May first, had gas service
3492 maintained because of hardship status, may refuse to reinstate the gas
3493 service from November first to **[**April fifteenth**]** May first, inclusive,
3494 only if the customer has failed to pay, since the preceding November
3495 first, the lesser of: (A) Twenty per cent of the outstanding principal

3496 balance owed the gas company as of the date of termination, (B) one
3497 hundred dollars, or (C) the minimum payments due under the
3498 customer's amortization agreement. Notwithstanding any other
3499 provision of the general statutes to the contrary, no electric, electric
3500 distribution or gas company, no electric supplier and no municipal
3501 utility furnishing electricity or gas shall terminate or refuse to reinstate
3502 residential electric or gas service where the customer lacks the financial
3503 resources to pay his or her entire account and for which customer or a
3504 member of the customer's household the termination or failure to
3505 reinstate such service would create a life-threatening situation.

3506 (2) During any period in which a residential customer is subject to
3507 termination, an electric, electric distribution or gas company, an
3508 electric supplier or a municipal utility furnishing electricity or gas shall
3509 provide such residential customer whose account is delinquent an
3510 opportunity to enter into a reasonable amortization agreement with
3511 such company, electric supplier or utility to pay such delinquent
3512 account and to avoid termination of service. Such amortization
3513 agreement shall allow such customer adequate opportunity to apply
3514 for and receive the benefits of any available energy assistance
3515 program. An amortization agreement shall be subject to amendment
3516 on customer request if there is a change in the customer's financial
3517 circumstances.

3518 (3) As used in this section, (A) "household income" means the
3519 combined income over a twelve-month period of the customer and all
3520 adults, except children of the customer, who are and have been
3521 members of the household for six months or more, and (B) "hardship
3522 case" includes, but is not limited to: (i) A customer receiving local, state
3523 or federal public assistance; (ii) a customer whose sole source of
3524 financial support is Social Security, Veterans' Administration or
3525 unemployment compensation benefits; (iii) a customer who is head of
3526 the household and is unemployed, and the household income is less
3527 than three hundred per cent of the poverty level determined by the
3528 federal government; (iv) a customer who is seriously ill or who has a
3529 household member who is seriously ill; (v) a customer whose income

3530 falls below one hundred twenty-five per cent of the poverty level
3531 determined by the federal government; and (vi) a customer whose
3532 circumstances threaten a deprivation of food and the necessities of life
3533 for himself or dependent children if payment of a delinquent bill is
3534 required.

3535 (4) In order for a residential customer of a gas or electric distribution
3536 company using gas or electricity for heat to be eligible to have any
3537 moneys due and owing deducted from the customer's delinquent
3538 account pursuant to this subdivision, the company furnishing gas or
3539 electricity shall require that the customer (A) apply and be eligible for
3540 benefits available under the Connecticut energy assistance program or
3541 state appropriated fuel assistance program; (B) authorize the company
3542 to send a copy of the customer's monthly bill directly to any energy
3543 assistance agency for payment; (C) enter into and comply with an
3544 amortization agreement, which agreement is consistent with decisions
3545 and policies of the Department of Public Utility Control. Such an
3546 amortization agreement shall reduce a customer's payment by the
3547 amount of the benefits reasonably anticipated from the Connecticut
3548 energy assistance program, state appropriated fuel assistance program
3549 or other energy assistance sources. Unless the customer requests
3550 otherwise, the company shall budget a customer's payments over a
3551 twelve-month period with an affordable increment to be applied to
3552 any arrearage, provided such payment plan will not result in loss of
3553 any energy assistance benefits to the customer. If a customer
3554 authorizes the company to send a copy of his monthly bill directly to
3555 any energy assistance agency for payment, the energy assistance
3556 agency shall make payments directly to the company. If, on April
3557 thirtieth, a customer has been in compliance with the requirements of
3558 subparagraphs (A) to (C), inclusive, of this subdivision, during the
3559 period starting on the preceding November first, or from such time as
3560 the customer's account becomes delinquent, the company shall deduct
3561 from such customer's delinquent account an additional amount equal
3562 to the amount of money paid by the customer between the preceding
3563 November first and April thirtieth and paid on behalf of the customer
3564 through the Connecticut energy assistance program and state

3565 appropriated fuel assistance program. Any customer in compliance
3566 with the requirements of subparagraphs (A) to (C), inclusive, of this
3567 subdivision, on April thirtieth who continues to comply with an
3568 amortization agreement through the succeeding October thirty-first,
3569 shall also have an amount equal to the amount paid pursuant to such
3570 agreement and any amount paid on behalf of such customer between
3571 May first and the succeeding October thirty-first deducted from the
3572 customer's delinquent account. In no event shall the deduction of any
3573 amounts pursuant to this subdivision result in a credit balance to the
3574 customer's account. No customer shall be denied the benefits of this
3575 subdivision due to an error by the company. The Department of Public
3576 Utility Control shall allow the amounts deducted from the customer's
3577 account pursuant to the implementation plan, described in subdivision
3578 (5) of this subsection, to be recovered by the company in its rates as an
3579 operating expense, pursuant to said implementation plan. If the
3580 customer fails to comply with the terms of the amortization agreement
3581 or any decision of the department rendered in lieu of such agreement
3582 and the requirements of subparagraphs (A) to (C), inclusive, of this
3583 subdivision, the company may terminate service to the customer,
3584 pursuant to all applicable regulations, provided such termination shall
3585 not occur between November first and April fifteenth.

3586 (5) Each gas and electric distribution company shall submit to the
3587 Department of Public Utility Control annually, on or before July first,
3588 an implementation plan which shall include information concerning
3589 amortization agreements, counseling, reinstatement of eligibility, rate
3590 impacts and any other information deemed relevant by the
3591 department. The Department of Public Utility Control may, in
3592 consultation with the Office of Policy and Management, approve or
3593 modify such plan within ninety days of receipt of the plan. If the
3594 department does not take any action on such plan within ninety days
3595 of its receipt, the plan shall automatically take effect at the end of the
3596 ninety-day period, provided the department may extend such period
3597 for an additional thirty days by notifying the company before the end
3598 of the ninety-day period. Any amount recovered by a company in its
3599 rates pursuant to this subsection shall not include any amount

3600 approved by the Department of Public Utility Control as an
3601 uncollectible expense. The department may deny all or part of the
3602 recovery required by this subsection if it determines that the company
3603 seeking recovery has been imprudent, inefficient or acting in violation
3604 of statutes or regulations regarding amortization agreements.

3605 (6) On or after January 1, 1993, the Department of Public Utility
3606 Control may require gas companies to expand the provisions of
3607 subdivisions (4) and (5) of this subsection to all hardship customers.
3608 Any such requirement shall not be effective until November 1, 1993.

3609 (7) (A) All electric, electric distribution and gas companies, electric
3610 suppliers and municipal utilities furnishing electricity or gas shall
3611 collaborate in developing, subject to approval by the Department of
3612 Public Utility Control, standard provisions for the notice of
3613 delinquency and impending termination under subsection (a) of
3614 section 16-262d. Each such company and utility shall place on the front
3615 of such notice a provision that the company, electric supplier or utility
3616 shall not effect termination of service to a residential dwelling for
3617 nonpayment of disputed bills during the pendency of any complaint.
3618 In addition, the notice shall state that the customer must pay current
3619 and undisputed bill amounts during the pendency of the complaint.
3620 (B) At the beginning of any discussion with a customer concerning a
3621 reasonable amortization agreement, any such company or utility shall
3622 inform the customer (i) of the availability of a process for resolving
3623 disputes over what constitutes a reasonable amortization agreement,
3624 (ii) that the company, electric supplier or utility will refer such a
3625 dispute to one of its review officers as the first step in attempting to
3626 resolve the dispute, and (iii) that the company, electric supplier or
3627 utility shall not effect termination of service to a residential dwelling
3628 for nonpayment of a delinquent account during the pendency of any
3629 complaint, investigation, hearing or appeal initiated by the customer,
3630 unless the customer fails to pay undisputed bills, or undisputed
3631 portions of bills, for service received during such period. (C) Each such
3632 company, electric supplier and utility shall inform and counsel all
3633 customers who are hardship cases as to the availability of all public

3634 and private energy conservation programs, including programs
3635 sponsored or subsidized by such companies and utilities, eligibility
3636 criteria, where to apply, and the circumstances under which such
3637 programs are available without cost.

3638 (8) The Department of Public Utility Control shall adopt regulations
3639 in accordance with chapter 54 to carry out the provisions of this
3640 subsection. Such regulations shall include, but not be limited to,
3641 criteria for determining hardship cases and for reasonable
3642 amortization agreements, including appeal of such agreements, for
3643 categories of customers. Such regulations may include the
3644 establishment of a reasonable rate of interest which a company may
3645 charge on the unpaid balance of a customer's delinquent bill and a
3646 description of the relationship and responsibilities of electric suppliers
3647 to customers.

3648 (c) Each electric, electric distribution and gas company, electric
3649 supplier and municipal utility shall, not later than December first,
3650 annually, submit a report to the department and the General Assembly
3651 indicating (1) the number of customers in each of the following
3652 categories and the total delinquent balances for such customers as of
3653 the preceding April fifteenth: (A) Customers who are hardship cases
3654 and (i) who made arrangements for reasonable amortization
3655 agreements, (ii) who did not make such arrangements, and (B)
3656 customers who are nonhardship cases and who made arrangements
3657 for reasonable amortization, (2) (A) the number of heating customers
3658 receiving energy assistance during the preceding heating season and
3659 the total amount of such assistance, and (B) the total balance of the
3660 accounts of such customers after all energy assistance is applied to the
3661 accounts, (3) the number of hardship cases reinstated between
3662 November first of the preceding year and [April fifteenth] May first of
3663 the same year, the number of hardship cases terminated between
3664 [April fifteenth] May first of the same year and November first and the
3665 number of hardship cases reinstated during each month from [April]
3666 May to November, inclusive, of the same year, (4) the number of
3667 reasonable amortization agreements executed and the number

3668 breached during the same year by (A) hardship cases, and (B)
3669 nonhardship cases, and (5) the number of accounts of (A) hardship
3670 cases, and (B) nonhardship cases for which part or all of the
3671 outstanding balance is written off as uncollectible during the
3672 preceding year and the total amount of such uncollectibles.

3673 (d) Nothing in this section shall (1) prohibit a public service
3674 company, electric supplier or municipal utility from terminating
3675 residential utility service upon request of the customer or in
3676 accordance with section 16-262d upon default by the customer on an
3677 amortization agreement or collecting delinquent accounts through
3678 legal processes, including the processes authorized by section 16-262f,
3679 or (2) relieve such company, electric supplier or municipal utility of its
3680 responsibilities set forth in sections 16-262d and 16-262e to occupants
3681 of residential dwellings or, with respect to a public service company or
3682 electric supplier, the responsibilities set forth in section 19a-109.

3683 (e) No provision of the Freedom of Information Act, as defined in
3684 section 1-200, shall be construed to require or permit a municipal
3685 utility furnishing electric, gas or water service, a municipality
3686 furnishing water or sewer service, a district established by special act
3687 or pursuant to chapter 105 and furnishing water or sewer service or a
3688 regional authority established by special act to furnish water or sewer
3689 service to disclose records under the Freedom of Information Act, as
3690 defined in section 1-200, which identify or could lead to identification
3691 of the utility usage or billing information of individual customers, to
3692 the extent such disclosure would constitute an invasion of privacy.

3693 (f) If an electric supplier suffers a loss of revenue by operation of
3694 this section, the supplier may make a claim for such revenue to the
3695 department. The electric distribution company shall reimburse the
3696 electric supplier for such losses found to be reasonable by the
3697 department at the lower of (1) the price of the contract between the
3698 supplier and the customer, or (2) the electric distribution company's
3699 price to customers for default service, as determined by the
3700 department. The electric distribution company may recover such

3701 reimbursement, along with transaction costs, through the systems
3702 benefits charge.

3703 Sec. 81. Section 12-412 of the general statutes is amended by adding
3704 subdivisions (117) and (118) as follows (*Effective July 1, 2007, and*
3705 *applicable to sales occurring on or after July 1, 2007*):

3706 (NEW) (117) Sales of solar energy electricity generating systems and
3707 passive or active solar water or space heating systems and geo-thermal
3708 resource systems, including equipment related to such systems, and
3709 sales of services relating to the installation of such systems.

3710 (NEW) (118) Sales of ice storage systems used for cooling, including
3711 equipment related to such systems, and sales of services relating to the
3712 installation of such systems by a utility ratepayer who is billed by such
3713 utility on a time-of-service metering basis.

3714 Sec. 82. Section 12-412k of the general statutes is repealed and the
3715 following is substituted in lieu thereof (*Effective June 1, 2007*):

3716 (a) For purposes of this section, "residential weatherization
3717 products" means programmable thermostats, window film, caulking,
3718 window and door weather strips, insulation, water heater blankets,
3719 water heaters, natural gas and propane furnaces and boilers that meet
3720 the federal Energy Star standard, windows and doors that meet the
3721 federal Energy Star standard, oil furnaces and boilers that are not less
3722 than **[**eighty-five**]** <u>eighty-four</u> per cent efficient and **[**ground-based**]**
3723 <u>ground-source</u> heat pumps that meet the minimum federal energy
3724 efficiency rating.

3725 (b) Notwithstanding the provisions of the general statutes, **[**from
3726 November 25, 2005, to April 1, 2006, and from June 1, 2006, to June 30,
3727 2007,**]** the provisions of this chapter shall not apply to sales of any
3728 residential weatherization products <u>or compact fluorescent light bulbs</u>.

3729 Sec. 83. (NEW) (*Effective from passage*) Notwithstanding the
3730 provisions of the general statutes, from the effective date of this section
3731 to June 30, 2008, the provisions of chapter 219 of the general statutes

3732 shall not apply to sales of any household appliance that meets the
3733 federal Energy Star standard.

3734 Sec. 84. Section 16-245a of the general statutes is amended by adding
3735 subsection (g) as follows (*Effective from passage*):

3736 (NEW) (g) (1) Notwithstanding the provisions of this section and
3737 section 16-244c, as amended by this act, for periods beginning on and
3738 after January 1, 2008, each electric distribution company may procure
3739 renewable energy certificates from Class I, Class II and Class III
3740 renewable energy sources that represent generation in amounts equal
3741 to or greater than fifty per cent of the procurement from Class I, Class
3742 II and Class III renewable energy sources. The electric distribution
3743 companies may enter into long-term contracts for not more than fifteen
3744 years to procure such renewable energy certificates associated with
3745 output and services delivered over the term of the contract. The
3746 generation associated with the renewable energy certificates purchased
3747 pursuant to this section shall be credited against the required amounts
3748 of output and standard service or supplier of last resort service,
3749 pursuant to subsection (a) of this section, for the periods which the
3750 output and services to which such renewable energy certificates apply
3751 is produced.

3752 (2) The department shall conduct a contested case proceeding to
3753 establish the procedures for the procurement of renewable energy
3754 certificates pursuant to this subsection and the recovery of the costs of
3755 such program from customers of the electric distribution companies.
3756 The department's procedures shall include: (A) The method and
3757 timing of crediting of the procurement of renewable energy certificates
3758 against the renewable portfolio standard purchase obligations of
3759 electric suppliers and the electric distribution companies pursuant to
3760 subsection (a) of this section; (B) the terms and conditions, including
3761 reasonable performance assurance commitments, to be imposed on
3762 entities seeking to supply renewable energy certificates; and (C)
3763 compensation, not to exceed one mill per kilowatt hour of output and
3764 services associated with the renewable energy certificates purchased

3765 pursuant to this subsection, which shall be payable to the electric
3766 distribution companies for administering the procurement provided
3767 for under this subsection. Revenues from such compensation shall not
3768 be included in calculating the electric distribution companies' earnings
3769 to determine if rates are just and reasonable, for earnings sharing
3770 mechanisms or for purposes of sections 16-19, 16-19a and 16-19e, as
3771 amended by this act.

3772 Sec. 85. Section 12-635 of the general statutes is repealed and the
3773 following is substituted in lieu thereof (*Effective July 1, 2007*):

3774 The Commissioner of Revenue Services shall grant a credit against
3775 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or
3776 212 (1) in an amount not to exceed **[**sixty**]** one hundred per cent of the
3777 total cash amount invested during the taxable year by the business
3778 firm in programs operated or created pursuant to proposals approved
3779 pursuant to section 12-632 for energy conservation projects directed
3780 toward properties occupied by persons, at least seventy-five per cent
3781 of whom are at an income level not exceeding one hundred fifty per
3782 cent of the poverty level for the year next preceding the year during
3783 which such tax credit is to be granted; **[**, or**]** (2) in an amount equal to
3784 one hundred per cent of the total cash amount invested during the
3785 taxable year by the business firm in programs operated or created
3786 pursuant to proposals approved pursuant to section 12-632 for energy
3787 conservation projects at properties owned or occupied by charitable
3788 corporations, foundations, trusts or other entities as determined under
3789 regulations adopted pursuant to this chapter; or (3) in an amount not
3790 to exceed sixty per cent of the total cash amount invested during the
3791 taxable year by the business firm in employment and training
3792 programs directed at youths, at least seventy-five per cent of whom are
3793 at an income level not exceeding one hundred fifty per cent of the
3794 poverty level for the year next preceding the year during which such
3795 tax credit is to be granted; in employment and training programs
3796 directed at handicapped persons as determined under regulations
3797 adopted pursuant to this chapter; in employment and training
3798 programs for unemployed workers who are fifty years of age or older;

3799 in education and employment training programs for recipients in the
3800 temporary family assistance program; or in child care services. Any
3801 other program which serves persons at least seventy-five per cent of
3802 whom are at an income level not exceeding one hundred fifty per cent
3803 of the poverty level for the year next preceding the year during which
3804 such tax credit is to be granted and which meets the standards for
3805 eligibility under this chapter shall be eligible for tax credit under this
3806 section.

3807 Sec. 86. (NEW) (*Effective July 1, 2007*) (a) For the purposes described
3808 in subsection (b) of this section, the State Bond Commission shall have
3809 the power, from time to time, to authorize the issuance of bonds of the
3810 state in one or more series and in principal amounts not exceeding in
3811 the aggregate thirty million dollars.

3812 (b) The proceeds of the sale of said bonds, to the extent of the
3813 amount stated in subsection (a) of this section, shall be used by the
3814 Department of Public Works for the purpose of funding the net project
3815 costs, or the balance of any projects after applying any public or
3816 private financial incentives available, for any energy services project
3817 that results in increased efficiency measures in state buildings.

3818 (c) All provisions of section 3-20 of the general statutes, or the
3819 exercise of any right or power granted thereby, which are not
3820 inconsistent with the provisions of this section are hereby adopted and
3821 shall apply to all bonds authorized by the State Bond Commission
3822 pursuant to this section, and temporary notes in anticipation of the
3823 money to be derived from the sale of any such bonds so authorized
3824 may be issued in accordance with said section 3-20 and from time to
3825 time renewed. Such bonds shall mature at such time or times not
3826 exceeding twenty years from their respective dates as may be provided
3827 in or pursuant to the resolution or resolutions of the State Bond
3828 Commission authorizing such bonds. None of said bonds shall be
3829 authorized except upon a finding by the State Bond Commission that
3830 there has been filed with it a request for such authorization which is
3831 signed by or on behalf of the Secretary of the Office of Policy and

3832 Management and states such terms and conditions as said commission,
3833 in its discretion, may require. Said bonds issued pursuant to this
3834 section shall be general obligations of the state and the full faith and
3835 credit of the state of Connecticut are pledged for the payment of the
3836 principal of and interest on said bonds as the same become due, and
3837 accordingly and as part of the contract of the state with the holders of
3838 said bonds, appropriation of all amounts necessary for punctual
3839 payment of such principal and interest is hereby made, and the State
3840 Treasurer shall pay such principal and interest as the same become
3841 due.

3842 Sec. 87. Section 10a-180 of the general statutes is amended by adding
3843 subsection (w) as follows (*Effective October 1, 2007*):

3844 (NEW) (w) To make grants or provide other forms of financial
3845 assistance to any institution of higher education, to any health care
3846 institution, to any nursing home, to any child care or child
3847 development facility and to any qualified nonprofit organization in
3848 such amounts, for energy efficient construction or renovation projects
3849 or renewable energy construction or renovation projects subject to
3850 such eligibility and other requirements the board establishes pursuant
3851 to written procedures adopted by the board of directors pursuant to
3852 subsection (h) of section 10a-179.

3853 Sec. 88. Section 5 of public act 05-2 of the October 25 special session
3854 is repealed and the following is substituted in lieu thereof (*Effective*
3855 *from passage*):

3856 Notwithstanding the provisions of section 16a-40b of the general
3857 statutes, as amended by section 5 of public act 05-191, for the fiscal
3858 year ending June 30, **[**2006**]** <u>2008</u>, the range of rates of interest payable
3859 on all loans pursuant to subsection (b) of said section 16a-40b for
3860 purchases set forth in subsection (a) of said section 16a-40b, except for
3861 goods or services relating to **[**aluminum or vinyl siding,**]** replacement
3862 central air conditioning, **[**replacement roofs,**]** heat pumps or solar
3863 systems and passive solar additions, shall be not less than zero per cent
3864 for any applicant in the lowest income class and not more than three

3865 per cent for any applicant for whom the adjusted gross income of the
3866 household member or members who contribute to the support of the
3867 household was at least one hundred fifteen per cent of the median area
3868 income by household size.

3869 Sec. 89. Section 16a-2 of the general statutes is repealed and the
3870 following is substituted in lieu thereof (*Effective from passage*):

3871 As used in this chapter and sections 16a-45a, 16a-46, 16a-46a and
3872 16a-46b:

3873 (a) "Office" means the Office of Policy and Management;

3874 (b) "Board" means the Connecticut Energy Advisory Board;

3875 (c) "Secretary" means the Secretary of the Office of Policy and
3876 Management;

3877 (d) "Energy" means work or heat that is, or may be, produced from
3878 any fuel or source whatsoever;

3879 (e) "Energy emergency" means a situation where the health, safety
3880 or welfare of the citizens of the state is threatened by an actual or
3881 impending acute shortage in usable energy resources;

3882 (f) "Energy resource" means natural gas, petroleum products, coal
3883 and coal products, wood fuels, geothermal sources, radioactive
3884 materials and any other resource yielding energy;

3885 (g) "Person" means any individual, firm, partnership, association,
3886 syndicate, company, trust, corporation, limited liability company,
3887 municipality, agency or political or administrative subdivision of the
3888 state, or other legal entity of any kind;

3889 (h) "Service area" means any geographic area serviced by the same
3890 energy-producing public service company, as defined in section 16-1;

3891 (i) "Renewable resource" means solar, wind, water, wood or other
3892 biomass source of energy and geothermal energy;

3893 (j) "Energy-related products" means (1) energy systems and
3894 equipment that utilize renewable resources to provide space heating or
3895 cooling, water heating, electricity or other useful energy, (2) insulation
3896 materials, and (3) equipment designed to conserve energy or increase
3897 the efficiency of its use, including that used for residential, commercial,
3898 industrial and transportation purposes;

3899 (k) "Energy-related services" means (1) the design, construction,
3900 installation, inspection, maintenance, adjustment or repair of energy-
3901 related products, (2) inspection, adjustment, maintenance or repair of
3902 any conventional energy system, (3) the performance of energy audits
3903 or the provision of energy management consulting services, and (4)
3904 weatherization activities carried out under any federal, state or
3905 municipal program;

3906 (l) "Conventional energy system" means any system for supplying
3907 space heating or cooling, ventilation or domestic or commercial hot
3908 water which is not included in subdivision (1) of subsection (j) of this
3909 section; **[**and**]**

3910 (m) "Energy supply" means any energy resource capable of being
3911 used to perform useful work and any form of energy such as electricity
3912 produced or derived from energy resources which may be so used;
3913 and

3914 (n) "Energy facility" means a structure that generates, transmits or
3915 stores electricity, natural gas, refined petroleum products, renewable
3916 fuels, coal and coal products, wood fuels, geothermal sources,
3917 radioactive material and other resources yielding energy.

3918 Sec. 90. Section 16a-7b of the general statutes is repealed and the
3919 following is substituted in lieu thereof (*Effective from passage*):

3920 (a) Not later than December 1, 2004, the Connecticut Energy
3921 Advisory Board shall develop infrastructure criteria guidelines for the
3922 evaluation process under subsection (f) of section 16a-7c, which
3923 guidelines shall be consistent with state environmental policy, state

3924 economic development policy, the state's policy regarding the
3925 restructuring of the electric industry, as set forth in section 16-244, and
3926 the findings in the comprehensive energy plan prepared pursuant to
3927 section 16a-7a, and shall include, but not be limited to, the following:
3928 (1) Environmental preference standards; (2) efficiency standards,
3929 including, but not limited to, efficiency standards for transmission,
3930 generation and demand-side management; (3) generation preference
3931 standards; (4) electric capacity, use trends and forecasted resource
3932 needs; (5) natural gas capacity, use trends and forecasted resource
3933 needs; and (6) national and regional reliability criteria applicable to the
3934 regional bulk power grid, as determined in consultation with the
3935 regional independent system operator, as defined in section 16-1. In
3936 developing environmental preference standards, the board shall
3937 consider the recommendations and findings of the task force
3938 established pursuant to section 25-157a and Executive Order Number
3939 26 of Governor John G. Rowland.

3940 (b) No municipality other than a municipality operating a plant
3941 pursuant to chapter 101 or any special act and acting for purposes
3942 thereto may take an action to condemn, in whole or in part, or restrict
3943 the operation of any existing and currently operating energy facility, if
3944 such facility is first determined by the Department of Public Utility
3945 Control, following a contested case proceeding, held in accordance
3946 with the provisions of chapter 54, to comprise a critical, unique and
3947 unmovable component of the state's energy infrastructure, unless the
3948 municipality first receives written approval from the department, the
3949 Office of Policy and Management, the Connecticut Energy Advisory
3950 Board and the Connecticut Siting Council that such taking would not
3951 have a detrimental impact on the state's or region's ability to provide a
3952 particular energy resource to its citizens.

3953 Sec. 91. Section 29-256a of the general statutes is repealed and the
3954 following is substituted in lieu thereof (*Effective October 1, 2007*):

3955 (a) The State Building Inspector and the Codes and Standards
3956 Committee shall revise the State Building Code to require that

3957 buildings and building elements be designed to provide optimum cost-
3958 effective energy efficiency over the useful life of the building. Such
3959 revision shall [meet] exceed by not less than twenty per cent the
3960 American Society of Heating, Refrigerating and Air Conditioning
3961 Engineers Standard 90.1 for new construction.

3962 (b) Notwithstanding subsection (a) of this section, the State Building
3963 Inspector and the Codes and Standards Committee shall revise the
3964 State Building Code to require that any (1) building, except a
3965 residential building with no more than four units, constructed after
3966 January 1, 2010, that is projected to cost not less than five million
3967 dollars, and (2) renovation to any building, except a residential
3968 building with no more than four units, started after January 1, 2010,
3969 that is projected to cost not less than two million dollars shall be built
3970 or renovated using building construction standards consistent with or
3971 exceeding the silver building rating of the Leadership in Energy and
3972 Environmental Design's rating system for new commercial
3973 construction and major renovation projects, as established by the
3974 United States Green Building Council, or an equivalent standard,
3975 including, but not limited to, a two-globe rating in the Green Globes
3976 USA design program. The inspector and the committee shall provide
3977 for an exemption for any building if the Institute for Sustainable
3978 Energy finds, in a written analysis, that the cost of such compliance
3979 significantly outweighs the benefits.

3980 Sec. 92. Subsection (a) of section 16-245e of the general statutes is
3981 amended by adding subdivisions (14) to (18), inclusive, as follows
3982 (*Effective from passage*):

3983 (NEW) (14) "State rate reduction bonds" means the rate reduction
3984 bonds issued on June 23, 2004, by the state to sustain funding of
3985 conservation and load management and renewable energy investment
3986 programs by substituting for disbursements to the General Fund from
3987 the Energy Conservation and Load Management Fund, established by
3988 section 16-245m, and from the Renewable Energy Investment Fund,
3989 established by section 16-245n, as amended by this act. The state rate

3990 reduction bonds for the purposes of section 4-30a shall be deemed to
3991 be outstanding indebtedness of the state;

3992 (NEW) (15) "Operating expenses" in connection with the state rate
3993 reduction bonds, means (A) all expenses, costs and liabilities of the
3994 state or the trustee incurred in connection with the administration or
3995 payment of the state rate reduction bonds or in discharge of its
3996 obligations and duties under the state rate reduction bonds or bond
3997 documents, expenses and other costs and expenses arising in
3998 connection with the state rate reduction bonds or pursuant to the
3999 financing order providing for the issuance of such bonds including any
4000 arbitrage rebate and penalties payable under the code in connection
4001 with such bonds, and (B) all fees and expenses payable or disbursable
4002 to the servicers or others under the bond documents;

4003 (NEW) (16) "Bond documents" means, in connection with the state
4004 rate reduction bonds, the following documents: The servicing
4005 agreements, the tax compliance agreement and certificate, and the
4006 continuing disclosure agreement entered into in connection with the
4007 state rate reduction bonds and the indenture;

4008 (NEW) (17) "Indenture" means, in connection with the state rate
4009 reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and
4010 between the state and the trustee, as amended from time to time; and

4011 (NEW) (18) "Trustee" means in connection with the state rate
4012 reduction bonds the trustee appointed under the indenture.

4013 Sec. 93. Section 16-245e of the general statutes is amended by adding
4014 subsection (l) as follows (*Effective from passage*):

4015 (NEW) (l) The sum of ninety-five million dollars is appropriated to
4016 the Treasurer, from the General Fund, for the fiscal year ending June
4017 30, 2007, for the purpose of (1) defeasing the state rate reduction bonds
4018 maturing after December 30, 2007, by irrevocably depositing with the
4019 bond trustee in trust such appropriation to be used for the scheduled
4020 payments of principal and interest on the said state rate reduction

4021 bonds and paying operating expenses, (2) if the Treasurer determines
4022 it to be in the state's best interest, purchasing state rate reduction
4023 bonds maturing after December 30, 2007, in the open market on such
4024 terms and conditions as the Treasurer determines to be in the best
4025 interest of the state for purposes of satisfying such bonds, or (3)
4026 defeasing or satisfying the state rate reduction bonds maturing after
4027 December 30, 2007, by a combination of the methods described in
4028 subdivisions (1) and (2) of this subsection. Such appropriation is for
4029 the purpose of paying debt service on bonds or other evidences of
4030 indebtedness and related costs and expenses provided for in the
4031 indenture. After the defeasance or satisfaction of all outstanding state
4032 rate reduction bonds, the trustee shall deliver to the Treasurer or apply
4033 in accordance with the instructions of the Treasurer all moneys held by
4034 it not necessary to defease or satisfy such bonds or allocated to pay
4035 operating expenses. Such funds shall be first applied to satisfy any
4036 unpaid operating expenses. After payment of the operating expenses,
4037 seventy-five per cent of any remaining amounts shall be paid to the
4038 Energy Conservation and Load Management Fund, established
4039 pursuant to section 16-245m, and twenty-five per cent of such
4040 remaining amount shall be paid to the Renewable Energy Investment
4041 Fund, established pursuant to section 16-245n, as amended by this act.
4042 The Treasurer and the finance authority have the authority to take any
4043 necessary and appropriate actions to implement the defeasance or
4044 satisfaction of the state rate reduction bonds and the payment of all
4045 operating expenses so that the amount of state rate reduction charges
4046 which before defeasance secured the state rate reduction bonds can be
4047 applied to the Energy Conservation and Load Management Fund and
4048 the Renewable Energy Investment Fund.

4049 Sec. 94. Subsection (b) of section 32-317 of the general statutes is
4050 repealed and the following is substituted in lieu thereof (*Effective from*
4051 *passage*):

4052 (b) Except as provided under subsection (c) of this section, any such
4053 loan or deferred loan shall be available only for a residential structure
4054 containing not more than four dwelling units, shall be not less than

4055 four hundred dollars and not more than [fifteen] twenty-five thousand
4056 dollars per structure and shall be made only to an applicant who
4057 submits evidence, satisfactory to the commissioner, that the adjusted
4058 gross income of the household member or members who contribute to
4059 the support of his household was not in excess of one hundred fifty per
4060 cent of the median area income by household size. Repayment of all
4061 loans or deferred loans made under this subsection shall be subject to a
4062 rate of interest to be determined in accordance with subsection (t) of
4063 section 3-20 and such terms and conditions as the commissioner may
4064 establish. The State Bond Commission shall establish a range of rates of
4065 interest payable on all loans or deferred loans under this subsection
4066 and shall apply the range to applicants in accordance with a formula
4067 which reflects their income. Such range shall be not less than zero per
4068 cent for any applicant in the lowest income class and not more than
4069 one per cent above the rate of interest borne by the general obligation
4070 bonds of the state last issued prior to the most recent date such range
4071 was established for any applicant for whom the adjusted gross income
4072 of the household member or members who contribute to the support
4073 of his household was at least one hundred fifteen per cent of the
4074 median area income by household size.

4075 Sec. 95. (*Effective July 1, 2007*) (a) For the purposes described in
4076 subsection (b) of this section, the State Bond Commission shall have
4077 the power, from time to time, to authorize the issuance of bonds of the
4078 state in one or more series and in principal amounts not exceeding in
4079 the aggregate thirty million dollars.

4080 (b) The proceeds of the sale of said bonds, to the extent of the
4081 amount stated in subsection (a) of this section, shall be used by
4082 Connecticut Innovations, Incorporated, for the purpose of funding the
4083 net project costs, or the balance of any projects after applying any
4084 public or private financial incentives available, for any renewable
4085 energy or combined heat and power projects in state buildings. The
4086 funds shall be made available through the Renewable Energy
4087 Investment Fund, established pursuant to section 16-245n of the
4088 general statutes, as amended by this act. Eligible state buildings shall

4089 be Leadership in Energy and Environmental Design (LEED) certified
4090 or in the process of becoming LEED certified.

4091 (c) All provisions of section 3-20 of the general statutes, or the
4092 exercise of any right or power granted thereby, which are not
4093 inconsistent with the provisions of this section are hereby adopted and
4094 shall apply to all bonds authorized by the State Bond Commission
4095 pursuant to this section, and temporary notes in anticipation of the
4096 money to be derived from the sale of any such bonds so authorized
4097 may be issued in accordance with said section 3-20 and from time to
4098 time renewed. Such bonds shall mature at such time or times not
4099 exceeding twenty years from their respective dates as may be provided
4100 in or pursuant to the resolution or resolutions of the State Bond
4101 Commission authorizing such bonds. None of said bonds shall be
4102 authorized except upon a finding by the State Bond Commission that
4103 there has been filed with it a request for such authorization which is
4104 signed by or on behalf of the Secretary of the Office of Policy and
4105 Management and states such terms and conditions as said commission,
4106 in its discretion, may require. Said bonds issued pursuant to this
4107 section shall be general obligations of the state and the full faith and
4108 credit of the state of Connecticut are pledged for the payment of the
4109 principal of and interest on said bonds as the same become due, and
4110 accordingly and as part of the contract of the state with the holders of
4111 said bonds, appropriation of all amounts necessary for punctual
4112 payment of such principal and interest is hereby made, and the State
4113 Treasurer shall pay such principal and interest as the same become
4114 due.

4115 Sec. 96. (*Effective from passage*) During the calendar year 2007,
4116 Operation Fuel, Incorporated, shall establish a one-time clean-slate
4117 program to target low-income persons with high arrearages. Said
4118 program shall constitute a one-time grant based on the recipient's
4119 income and arrearage amount. Grants shall only apply to arrearages
4120 no more than twenty-four months old and shall not exceed one
4121 thousand dollars. Said program shall also incorporate case
4122 management services, including, but not limited to, budget counseling

4123 and assistance with utility payment programs.

4124 Sec. 97. Section 16a-41h of the general statutes is repealed and the
4125 following is substituted in lieu thereof (*Effective from passage*):

4126 (a) (1) Each electric [and] distribution company, gas company [, as
4127 defined in section 16-1, having at least seventy-five thousand
4128 customers] and municipal utility furnishing electric or gas service,
4129 shall include in its monthly bills a request to each customer to add a
4130 [one-dollar] donation in an amount designated by the customer to the
4131 bill payment. Such company shall provide to all of its customers the
4132 opportunity to donate one dollar, two dollars, three dollars or another
4133 amount on each bill provided to a customer either through the mail or
4134 electronically. Such designation shall be made available and included
4135 where customers are either electronically billed or bill payment is
4136 handled electronically. The opportunity to donate one dollar, two
4137 dollars, three dollars or another amount shall be included on the bill in
4138 such a way that facilitates such donations.

4139 (2) Operation Fuel, Incorporated, a state-wide nonprofit
4140 organization designed to respond to people within the state who are in
4141 financial crisis and need emergency energy assistance, shall provide
4142 fundraising inserts and remittance envelopes to retail dealers of fuel oil
4143 that volunteer to include the inserts and envelopes in their customers'
4144 bills for one or more billing cycles each year. Such retail dealers of fuel
4145 oil shall inform Operation Fuel, Incorporated, as to the number of
4146 inserts and envelopes needed to conduct such a mailing.

4147 (3) Each electric, gas or fuel oil company shall transmit all such
4148 donations received each month, as well as their own contributions, if
4149 any, to Operation Fuel, [Inc., a state-wide nonprofit organization
4150 designed to respond to people within the state who are in financial
4151 crisis and need emergency energy assistance. Donations] Incorporated.
4152 Operation Fuel, Incorporated shall [be distributed] distribute
4153 donations to nonprofit social services agencies and private fuel banks
4154 in accordance with guidelines established by the board of directors of
4155 Operation Fuel, Inc., provided such funds shall be distributed on a

4156 priority basis to low-income elderly and working poor households
4157 which are not eligible for public assistance or state-administered
4158 general assistance but are faced with a financial crisis and are unable to
4159 make timely payments on [winter] fuel, electricity or gas bills. Such
4160 companies shall coordinate their promotions of this program, holding
4161 promotions during the same month and using similar formats.

4162 (b) If Operation Fuel, Inc. ceases to exist, such electric and gas
4163 companies shall jointly establish a nonprofit, tax-exempt corporation
4164 for the purpose of holding in trust and distributing such customer
4165 donations. The board of directors of such corporation shall consist of
4166 eleven members appointed as follows: Four by the companies, each of
4167 which shall appoint one member; one by the president pro tempore of
4168 the Senate; one by the minority leader of the Senate; one by the speaker
4169 of the House of Representatives; one by the minority leader of the
4170 House of Representatives; and three by the Governor. The board shall
4171 distribute such funds to nonprofit organizations and social service
4172 agencies which provide emergency energy or fuel assistance. The
4173 board shall target available funding on a priority basis to low-income
4174 elderly and working poor households which are not eligible for public
4175 assistance or state-administered general assistance but are faced with a
4176 financial crisis and are unable to make timely payments on [winter]
4177 fuel, electricity or gas bills.

4178 (c) Not later than the first of September annually, Operation Fuel,
4179 Inc. shall submit to the General Assembly a report on the
4180 implementation of this section. Such report shall include, (1) a
4181 summary of the effectiveness of the program, (2) the total amount of
4182 the donations received by electric and gas companies and transmitted
4183 to Operation Fuel, Inc. under subsection (b) of this section, and (3) an
4184 accounting of the distribution of such funds by Operation Fuel, Inc.
4185 indicating the organizations and agencies receiving funds, the amounts
4186 received and distributed by each such organization and agency and
4187 the number of households each assisted. On and after October 1, 1996,
4188 the report shall be submitted to the joint standing committee of the
4189 General Assembly having cognizance of matters relating to energy

4190 and, upon request, to any member of the General Assembly. A
4191 summary of the report shall be submitted to each member of the
4192 General Assembly if the summary is two pages or less and a
4193 notification of the report shall be submitted to each member if the
4194 summary is more than two pages. Submission shall be by mailing the
4195 report, summary or notification to the legislative address of each
4196 member of the committee or the General Assembly, as applicable.

4197 Sec. 98. Section 4a-67d of the general statutes is repealed and the
4198 following is substituted in lieu thereof (*Effective from passage*):

4199 (a) The fleet average for cars or light duty trucks purchased by the
4200 state shall: (1) On and after October 1, 2001, have a United States
4201 Environmental Protection Agency estimated highway gasoline mileage
4202 rating of at least thirty-five miles per gallon and on and after January 1,
4203 2003, have a United States Environmental Protection Agency estimated
4204 highway gasoline mileage rating of at least forty miles per gallon, (2)
4205 comply with the requirements set forth in 10 CFR 490 concerning the
4206 percentage of alternative-fueled vehicles required in the state motor
4207 vehicle fleet, and (3) obtain the best achievable mileage per pound of
4208 carbon dioxide emitted in its class. The alternative-fueled vehicles
4209 purchased by the state to comply with said requirements shall be
4210 capable of operating on natural gas or electricity or any other system
4211 acceptable to the United States Department of Energy that operates on
4212 fuel that is available in the state.

4213 (b) Notwithstanding any other provisions of this section, (1) on and
4214 after January 1, 2008, any car or light duty truck purchased by the state
4215 shall have an efficiency rating that is in the top third of all vehicles in
4216 such purchased vehicle's class and fifty per cent of such cars and light
4217 duty trucks shall be an alternative fueled, hybrid electric or plug-in
4218 electric vehicle, and (2) on and after January 1, 2010, any car or light
4219 duty truck purchased by the state shall have an efficiency rating that is
4220 in the top third of all vehicles in such purchased vehicle's class and one
4221 hundred per cent of such cars and light duty trucks shall be alternative
4222 fueled, hybrid electric or plug-in electric vehicles.

4223 [(b)] (c) The provisions of [subsection (a)] subsections (a) and (b) of
4224 this section shall not apply to cars or light duty trucks purchased for
4225 law enforcement or other special use purposes as designated by the
4226 Department of Administrative Services.

4227 [(c)] (d) As used in this section, the terms "car" and "light duty
4228 truck" shall be as defined in the United States Department of Energy
4229 Publication DOE/CE -0019/8, or any successor publication.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2007*	New section
Sec. 2	*from passage*	PA 05-2 of the October 25 Sp. Sess., Sec. 6
Sec. 3	*from passage*	New section
Sec. 4	*October 1, 2007*	New section
Sec. 5	*from passage*	New section
Sec. 6	*from passage*	New section
Sec. 7	*October 1, 2007*	16-32g
Sec. 8	*October 1, 2007*	16-19e(a)
Sec. 9	*from passage*	New section
Sec. 10	*July 1, 2007*	New section
Sec. 11	*January 1, 2008*	16a-38k
Sec. 12	*October 1, 2007*	10-285a
Sec. 13	*October 1, 2007*	16a-48
Sec. 14	*October 1, 2007*	16a-48(a)
Sec. 15	*October 1, 2007*	16a-48(b)
Sec. 16	*October 1, 2007*	16a-48(d)(1)
Sec. 17	*October 1, 2007*	16a-48(g)
Sec. 18	*October 1, 2007*	4a-67c
Sec. 19	*January 1, 2008*	New section
Sec. 20	*July 1, 2007*	16-243r
Sec. 21	*January 1, 2008*	New section
Sec. 22	*January 1, 2008*	12-412(110)
Sec. 23	*from passage*	New section
Sec. 24	*from passage*	New section
Sec. 25	*from passage*	New section
Sec. 26	*from passage*	New section
Sec. 27	*from passage*	New section

Sec. 28	*from passage*	New section
Sec. 29	*from passage*	New section
Sec. 30	*from passage*	New section
Sec. 31	*from passage*	New section
Sec. 32	*from passage*	New section
Sec. 33	*from passage*	New section
Sec. 34	*from passage*	New section
Sec. 35	*from passage*	New section
Sec. 36	*from passage*	New section
Sec. 37	*from passage*	New section
Sec. 38	*from passage*	New section
Sec. 39	*October 1, 2007*	16-243a(b)
Sec. 40	*October 1, 2007*	16-243a
Sec. 41	*October 1, 2007*	16-245n(a)
Sec. 42	*October 1, 2007*	16-243h
Sec. 43	*October 1, 2007*	16-245a
Sec. 44	*July 1, 2007*	New section
Sec. 45	*from passage*	New section
Sec. 46	*October 1, 2007*	16-243q
Sec. 47	*from passage*	16-1(a)(44)
Sec. 48	*October 1, 2007*	22a-6(a)
Sec. 49	*from passage*	16-243i(a)
Sec. 50	*October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007*	12-81(57)
Sec. 51	*October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007*	12-81(63)
Sec. 52	*from passage*	20-340
Sec. 53	*from passage*	16-244c
Sec. 54	*from passage*	New section
Sec. 55	*from passage*	New section
Sec. 56	*from passage*	New section
Sec. 57	*from passage*	16a-3
Sec. 58	*from passage*	New section
Sec. 59	*July 1, 2007*	New section
Sec. 60	*July 1, 2007*	16-32f
Sec. 61	*July 1, 2007*	16a-7c
Sec. 62	*July 1, 2007*	16a-7c(b)

Sec. 63	*July 1, 2007*	16-50l(a)(2)
Sec. 64	*from passage*	New section
Sec. 65	*from passage*	New section
Sec. 66	*from passage*	13a-126
Sec. 67	*July 1, 2007*	New section
Sec. 68	*October 1, 2007*	16-2(e)
Sec. 69	*July 1, 2007*	New section
Sec. 70	*from passage*	New section
Sec. 71	*October 1, 2007*	New section
Sec. 72	*from passage*	New section
Sec. 73	*July 1, 2007*	New section
Sec. 74	*July 1, 2007*	16-19b(j)
Sec. 75	*October 1, 2007*	16-50k(a)
Sec. 76	*July 1, 2007*	16-244e(a)(6)
Sec. 77	*July 1, 2007*	16-19ss(d)
Sec. 78	*July 1, 2007*	PA 05-2 of the October 25 Sp. Sess., Sec. 1
Sec. 79	*July 1, 2007*	16a-41a
Sec. 80	*October 1, 2007*	16-262c
Sec. 81	*July 1, 2007, and applicable to sales occurring on or after July 1, 2007*	12-412
Sec. 82	*June 1, 2007*	12-412k
Sec. 83	*from passage*	New section
Sec. 84	*from passage*	16-245a
Sec. 85	*July 1, 2007*	12-635
Sec. 86	*July 1, 2007*	New section
Sec. 87	*October 1, 2007*	10a-180
Sec. 88	*from passage*	PA 05-2 of the October 25 Sp. Sess., Sec. 5
Sec. 89	*from passage*	16a-2
Sec. 90	*from passage*	16a-7b
Sec. 91	*October 1, 2007*	29-256a
Sec. 92	*from passage*	16-245e(a)
Sec. 93	*from passage*	16-245e
Sec. 94	*from passage*	32-317(b)
Sec. 95	*July 1, 2007*	New section
Sec. 96	*from passage*	New section
Sec. 97	*from passage*	16a-41h
Sec. 98	*from passage*	4a-67d

APP *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: See below

Municipal Impact: See below

Explanation

The budget bill, sHB 7077, as favorably reported by the Appropriations Committee contains $7.0 million in FY 08 and FY 09 in the Office of Policy and Management (OPM) to implement provisions of this bill, and permits the transfer of funds to agencies as necessary.

The bill makes various changes in the electric industry structure and energy related programs that could affect rates paid by the state and municipalities, the extent of which cannot be determined at this time.

The bill also results in other fiscal impacts, as follows:

Section 1 establishes a $500 rebate for the purchase and installation of replacement residential gas and oil heating equipment in residential structures, containing up to four dwelling units, from July 1, 2007 through July 1, 2017. The bill allows the proceeds of bonds to fund the rebates; it is anticipated that the rebates will only be provided to the extent there are sufficient funds. There is no fiscal impact for the Office of Policy (OPM) and Management to administer this program.

Section 2 PA 05-2, An Act Concerning Emergency Home Heating Assistance, October Special Session (OSS), authorizes $5 million in General Obligation (GO) bond funds for Energy Conservation Loan Fund (ECLF) to provide low-cost loans for various energy efficiency and renewable energy measures in residential structures. This bill expands the use of these funds to include rebates of up to $500 for certain energy-related purchases. This provision will not result in an

immediate fiscal impact to the General Fund because it does not authorize additional GO bonds. However, to the degree it causes bond funds to be expended more rapidly than they otherwise would have been, there would be an increase in debt service costs in future years. The unallocated bond balance for the ECLF is $5 million as of 3/27/07.

Sections 3 and 41 require the Energy Conservation Management Board (ECMB) to establish a rebate program to replace air conditioners that do not meet Energy Star efficiency standards with ones that do. ECMB estimates the cost of this program to be approximately $9.7 million. In calendar year (CY) 2006[1], the Conservation and Load Management (CL&M) Fund, now referred to as the Connecticut Energy Efficiency Fund (CEEF) has a budget of approximately $70.2 million and experienced inflows of approximately $68.6 million and outflows of approximately 71.0 million (see below):

Utility Company	**Inflows ($)**	**Outflows ($)**
CT Light & Power, Inc.	55.5 million	55.9 million
United Illuminating, Inc.	13.1 million	15.1 million
Total	**68.6 million**	**71.0 million**

Inflows were less than outflows, because collections are based on actual kilowatt sales, which were less than projected.

Section 9 requires the Connecticut Siting Council (CSC) to initiate a contested case to investigate energy security. It is anticipated that outside consultants could cost CSC $50,000-$100,000 which would be borne by ratepayers. The extent to which this additional cost may affect the state and municipalities as ratepayers, cannot be determined at this time, but is not anticipated to be significant.

Sections 11-12 require that new state facilities costing $5 million or

[1] The CL& M Fund's fiscal year begins January 1.

more must comply with energy efficiency building standards adopted by OPM per PA 06-187. This bill increases the standards and extends them to renovation projects at state facilities and state-funded school and housing projects costing $2.0 million or more. It also requires the Institute for Sustainable Energy rather than OPM to determine whether the cost of compliance significantly outweighs the benefits. It is anticipated that any additional construction costs associated with the energy efficiency building standards will only be incurred in cases where the operational savings exceed the cost, over the life of the building.

These provisions are expected to have potentially significant impacts on the operating budgets and debt service accounts of both the General Fund and Transportation Fund. Since building construction is financed with bond funds, any increase in construction costs would result in an increase in General Fund or Transportation Fund debt service costs. Under the provisions of PA 06-187, the up-front cost to design and construct a building to a "silver rating" was minimal and was not expected to significantly increase the cost and resulting debt service cost related to capital project bonding. This bill sets the state standard higher by requiring that the building additionally meet energy standards that surpass by 20% the standards set by the American Society of Heating, Ventilation and Air Conditioning Engineers (ASHRAE[2]), which may increase building costs significantly.

The additional construction costs could be offset by savings in the operations of the new buildings over their lifetime, especially in heating and ventilation costs. These savings are estimated by industry sources to be up to 30% of annual utility costs. Any General Fund operating budget savings would be achieved through the Department of Public Works (DPW), the Judicial Department, the University of Connecticut (UCONN) and any agency with care and control if its buildings. Any Transportation Fund operating budget savings would

[2] The standards are contained in the 2004 edition of the ASHRAE standard 90.1.

be achieved through the Department of Transportation (DOT) and the Department of Motor Vehicles (DMV).

The bill increases by 2% the grant-in-aid reimbursement rate[3] for school construction projects subject to the green buildings requirements, which could significantly increase the state's costs for these projects. Since school construction projects are financed with General Fund bond funds, any increase in construction costs would result in an increase in General Fund debt service costs. It should be noted that the operating cost savings for these buildings would accrue to the municipalities.

Section 11 of the bill also extends the "green building" requirement to many local school building projects which would result in increased costs to local and regional school districts in addition to the state It is estimated that "green building" requirements result in an approximate increase of 2% in total school construction project costs. Based on recent yearly school construction project totals, the "green building" requirement would likely result in a total cost increase of approximately $8.0 million to $10.0 million per year in shared costs between the state and local and regional school districts.

Sections 13-18 make OPM, rather than DPUC, responsible for implementing and revising energy efficiency standards for a variety of equipment. It is anticipated that OPM would require two additional staff members with annual salaries totaling $120,000[4] and associated other expenses of $2,500 annually.

Sections 16 and 18 require the Department of Administrative

[3] The state normally provides between 20% and 80% of the construction cost for school building projects and magnet schools receive 95% reimbursement.

[4] The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate for a new employee as a percentage of average salary is 25.8%, effective July 1, 2006. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The SERS 2006-07 fringe benefit rate is 34.4%, which when combined with the non pension fringe benefit rate totals 60.2%.

Services (DAS) and other purchasing agencies to buy appliances and equipment that meet or exceed federal Energy Star standards. Purchasing certain appliances and equipment that meet or exceed federal Energy Star standards would be more costly than appliances and equipment currently purchased by the state. The new requirement would result in increased costs to DAS and various state agencies.

Section 21 of the bill allows municipalities to exempt hybrid motor vehicles and vehicles that with fuel efficiencies of at least 40 miles per gallon from the property tax. Municipalities electing to exempt these vehicles from the property tax would experience a loss to their net grand list (assessed value less exemptions permitted under state law) and would likely necessitate an increase in a municipality's mill rate to offset the loss of taxable property.

Section 22 of this bill establishes a sales tax exemption for vehicles with fuel efficiencies of at least 40 miles per gallon from 1/1/08 to 7/1/10. This is anticipated to result in a General fund revenue loss of up to $1 million in FY 08 and up to $2 million[5] in FY 09 and FY 10.

Sections 26-32 permit Energy Improvement District Boards to issue bonds. This has no state fiscal impact because the section specifies that these bonds are not obligations of the state.

The bonding provisions create a liability for any municipality that chooses to guarantee such bonds. If the revenues intended to pay debt service on the bonds are insufficient to cover the liability, the guarantee requires that the municipality appropriate sufficient funds to cover the shortfall. This would require the municipality to either reduce funding for its own budget, or increase revenue collected from taxes. The language specifies that the guaranteed bonds would not count toward a municipality's debt cap, so municipalities choosing to

[5] According to fueleconomy.com there are four 2007 models with fuel efficiencies of at least 40 miles per gallon: (1) the Honda Civic (automatic 5-speed), (2) the Toyota Yaris (manual 5-speed), (3) the Toyota Corolla (manual 5-speed), and (4) the Mini Cooper (manual, 6 speed). Therefore, the estimates assume only a small number of overall new vehicles sales will be affected.

provide a guarantee for these bonds would not be limited in their ability to issue bonds for other purposes.

The bill increases energy efficiency standards and extends them to renovation projects at school construction and housing projects costing $2.0 million or more, when state funds are used. The Institute for Sustainable Energy would be able to exempt any buildings when the cost of compliance significantly outweighs the benefits. Therefore, the increases in construction costs for towns would be offset by: (1) the 2% increase in the state reimbursement rate for school construction projects, and (2) potentially significant savings in the operating costs of these buildings over their lifetime. It is a state mandate since it would increase capital construction costs.

Section 41 expands the potential use of the Renewable Energy Investment Fund (Fund). The approximate monthly ratepayer contributions to the Fund are $1.9 million and the unrestricted net asset balance as of 2/28/7 is $81.7 million.

Section 48 results in a potential increase in the administrative workload of the Department of Environmental Protection (DEP) incurred from entering into a lease agreement with a private entity for hydroelectricity. This is anticipated to be minimal and could be handled within existing resources. Any potential revenue gain to the state would depend upon the parameters of the lease agreements and is anticipated to be minimal.

Section 50 of the bill requires, rather than allows, municipalities to exempt class I renewable resources and hydropower facilities from the property tax. It also requires them to exempt solar water or space heating systems and geothermal energy resources from the tax. Municipalities would experience a loss to their net grand list (assessed value less exemptions permitted under state law) as a result of having to exempt this property and will likely necessitate an increase in a municipality's mill rate to offset the loss of taxable property.

Section 55 requires electric companies to develop a triennial comprehensive plan for procurement of energy resources. In order for DPUC to perform energy resource planning required in this section, and review the proposed resource plan submitted by the utility companies, the agency would require additional staff resources totaling approximately $235,000 in FY 08 and $242,000 in FY 09, including fringe benefits. This funding is anticipated for an Engineer and two Energy Planners.

Sections 57-59 require DPUC to issue new RFP's based on results of the integrated resources plan and requires the agency to consider the plan in an uncontested docket. DPUC must then implement the plan. If suitable proposals are not received by DPUC from utility companies, DPUC must conduct a needs assessment as a contested case and may issue a new RFP to electric companies. In order to accomplish these tasks, DPUC would require an additional Attorney, Utilities Examiner, a Lead Rate Specialist, and an Engineer totaling about $504,000 in FY 08, and $519,442 in FY 09, including fringe benefits. Outside consultants may also be required by DPUC to implement provisions in these sections. These consultants would total approximately $200,000-$300,000 annually, the cost of which would be borne by ratepayers. The extent to which this additional cost may affect the state and municipalities as ratepayers, cannot be determined at this time.

Section 60 funds natural gas conservation programs with up to $10 million in revenue generated from the public service companies' tax that is in excess of the amount approved by the Finance, Revenue, and Bonding Committee in support of the state budget. This could result in a General Fund revenue loss of up $10 million per year.

Sections 64 and 65 require DEP to issue a final decision on certain permits not later than 120 days following submission of an application within air program resources, to the extent that a hearing is not requested, and enter into a memorandum of understanding (MOU). Both of these duties can be performed within existing agency resources.

Section 66 results in a cost to the DOT and is anticipated to be in excess of $1 million. PA 05-210 eliminated DOT's cost sharing requirements when electric transmission and trunkline facilities had to be relocated in highway rights-of-way. This section of the bill limits these changes to facilities owned by an electric distribution company. Therefore, DOT will incur significant costs, in excess of $1 million, to relocate a transmission line that is not owned by electric distribution companies but is rather owned by a power generator, municipality, or other entity.

Currently, a portion of a 345-kilovolt transmission line is being constructed within the state right-of-way. Construction costs are in the range of $2 million to $4 million per 1,500 foot section. Any relocation required due to improvement of the transportation system in the future would cost at least the same amount. Relocation of one mile of the transmission line could potentially cost over $10 million.

Section 73 funds fuel oil conservation programs with the increase in revenue from the petroleum products gross receipts tax above 2006 revenue, subject to a $10 million annual cap. This is anticipated to result in a General Fund revenue loss of $10 million per year beginning in FY 08 since current projections for this tax far exceed 2006 collections.

Section 78 requires the Department of Social Services (DSS) to (a) maintain basic and contingency heating assistance program benefits under the Connecticut Energy Assistance Program (CEAP) at 2006/2007 levels during the 2007/2008 heating season; (b) increase the number of households weatherized pursuant to CEAP; and (c) increase the number of households receiving home heating equipment tune-ups and home energy efficiency measures pursuant to the HEARTH program[6].

The ability of the agency to comply with Section 19's provisions

[6] The Office of Policy and Management was authorized to operate the HEARTH program during FY 06. DSS expended $205,744 for HEARTH benefits for CEAP households in that year. The program was not authorized in FY 07.

without needing to expend state dollars during 2008 will depend upon (a) the amount of federal dollars received by Connecticut in FY 08; (b) whether CEAP enrollment is restricted or open, and (c) the number of households weatherized, and receiving heating tune-ups/other home energy efficiency measures.

CEAP is funded with federal Low Income Home Energy Assistance Program (LIHEAP) dollars. To date, a total of approximately $60.1 million has been made available to support the state's 2006/2007 plan. Additional federal dollars may be received if the President releases previously authorized contingency funding, and/or if supplemental FY 07 appropriations bills are passed.

Original estimates indicated that the 2006/2007 CEAP plan would result in program costs of approximately $64.3 million ($4.2 million more than currently available funding). If no additional federal funding is forthcoming, the DSS may incur unbudgeted state costs in 2007. (While the Commissioner of Social Services has the discretion to limit program enrollment to operate within available funding, he does not intend to close enrollment this year.) The President's FY 08 proposed LIHEAP budget includes an estimated $30.8 million for Connecticut. Final federal appropriations will likely not be known until Fall 2007.

The CEAP plan has traditionally included moneys (usually $0.5 or $1.0 million annually) for emergency heating system repairs/replacement for heating systems determined to be unsafe or inoperable. It is assumed that comparable funding would be proposed within the 2007/2008 plan, and would meet Section's 19 requirement that the agency increase the number of households receiving home heating equipment tune-ups and home energy efficiency measures. CEAP eligible households have also historically been allowed to use a portion of their basic or crisis benefits to cover the cost of a clean, tune and test of their deliverable fuel heating system.

However, the state has not historically utilized LIHEAP dollars for household weatherization activities. Estimated average costs per

household of $3,000 would be incurred. The ability of the agency to support these costs within available LIHEAP funding would depend upon the number of households receiving these weatherization services (not specified in the bill), and overall available program funding, as discussed above.

Section 79 expands the types of fuel that can be purchased under CEAP to any deliverable fuel (currently number two home heating oil), and requires DSS to utilize fixed price, capped price, pre-purchase, summer-fill, or other programs that reduce the cost of fuel purchased. The extent of any resulting savings will depend upon the agency's success in utilizing these cost reduction strategies, which cannot be determined in advance.

Requiring community action agencies to accept CEAP applications no later than September 1st annually, and report pricing information per Section 79 (c) will potentially result in significant administrative costs. Reimbursing these private agencies for their additional administrative efforts would reduce resources available for benefits and services to participating households.

Sections 81-83 exempt various energy related items from the sales tax, which is anticipated to result in a General Fund revenue loss of $21.0 million in FY 08 and $8.0 million in FY 09. The table below presents the loss associated with each item.

Item	FY 08	FY 09
Solar energy, geothermal, and ice storage systems	$500,000	$700,000
Weatherization products, including compact fluorescent light bulbs	7,500,000	7,500,000
Household appliances[7] that meet the federal Energy Star standard	13,000,000	-

[7] This estimate includes refrigerators, cloths washers, air conditioners, and dishwashers.

Total	**$21,000,000**	**$8,000,000**

Section 85 increases the maximum credit under the Neighborhood Assistance tax credit program from 60% to 100% for a firm's investments in energy conservation projects in low income housing developments or properties occupied by charitable organizations. It also expands the program to include investments in energy conservation projects for other facilities owned by charitable organizations. These changes are anticipated to result in a General Fund revenue loss of up $1 million beginning in FY 09.

About 90 to 100 corporations claim approximately $1.3 million per year (the program has a cap of $5 million per year) under the Neighborhood Assistance program.

Section 86 authorizes the issuance of $30 million in General Obligation (GO) bonds for energy conservation projects in state-owned buildings. The General Fund debt service cost to bond this amount over 20 years at a 5.0% interest rate is $45.8 million.

Section 87 permits CHEFA to provide financial assistance to certain organizations for: (1) energy efficient construction or renovation projects or (2) renewable energy construction or renovation projects using bonds issued by CHEFA. This has no state fiscal impact because these bonds are not obligations of the state.

Section 88 and 94 reinstates the reduction in the potential maximum interest rate for loans under the Energy Conservation Loan Program from provisions in PA 05-2 Special Session, but excludes siding and replacement roofs from these rates. In addition, the bill increases the maximum loan to owners of residential properties with no more than 4 units from $15,000 to $25,000. The change in the maximum loan is anticipated to have a very minimal impact on the number of loans closed in a year and has no impact on costs to the state. The Connecticut Housing Investment Fund Inc. (CHIF) has the contract to

administer the Energy Conservation Loan (ECL) program for the Department of Economic and Community Development (DECD). The ECL revolving loan fund has an estimated balance of $4.9 million and the current unallocated General Obligation (GO) bond balance for the ECLF is $5 million as of 3/23/07. The administrative costs will be handled through program funds.

Sections 89-90 bar certain municipalities from condemning or restricting the operation of any existing energy facility that DPUC has determined to be a critical component of the state's power structure, under certain circumstances. The extent to which any particular municipality and state electric rates could be affected by this change is unknown at this time.

Sections 92 and 93 provide $95 million from the General Fund in FY 07 to defease[8] state rate reduction bonds that mature after 12/30/07. The $95 million will be deposited into an irrevocable trust account where it will be invested and accumulate interest. The funds in this account will be used to pay the debt service due on the bonds at their maturity date (column c in table below). The budget bill, sHB 7077, as favorably reported by the Appropriations Committee provides $95.0 million from budget surplus for this purpose.

Special Obligation Rate Reduction Bonds Outstanding after 12/30/07

($ millions)

Maturity Date	Principal	Interest	Total Debt Service
	a	b	a+b
06/30/08	14.7	2.7	17.4
12/30/08	15.1	2.4	17.4
06/30/09	15.5	2.0	17.4
12/30/09	15.8	1.6	17.4
06/30/10	16.2	1.2	17.4
12/30/10	16.6	0.8	17.4
06/30/11	17.0	0.4	17.4
Total	111.0	11.1	**122.1**

There is no fiscal impact to State Treasurer's Office for bond

[8] The bonds will be defeased because they are not callable.

defeasance.

Section 95 authorizes the issuance of $30 million in General Obligation (GO) bonds for renewable energy projects in state-owned buildings through the Renewable Energy Investment Fund. The General Fund debt service cost to bond this amount over 20 years at a 5.0% interest rate is $45.8 million. The Connecticut Innovations Inc. (CII) would need ½ of a full time employee, plus fringe benefits and associated other expenses, at a cost of approximately $100,000 in FY 08 to administer the renewable energy projects in the state building program. It is anticipated that these costs would come from CII's operating funds.

Section 96 directs Operation Fuel to establish a one-time clean slate program to target low income people with high arrearages of more than 24 months and less than $1,000, and provide grants based on income and arrearage amount.

Section 97 makes changes to the Operation Fuel program which may result in increased costs for changes in its infrastructure, technology support and case management, such cost may be reimbursed by OPM.

Section 98 requires that any car or light duty truck purchased by the state after January 1, 2008 have an efficiency rating in the top third of its class, and 50% of such cars and light duty trucks must be alternative fueled, hybrid electric or plug-in electric vehicles. As the state meets the federal requirement that 75% of cars and light duty trucks purchased must be alternative fueled, this provision has no fiscal impact.

Requiring that cars and light duty trucks purchased after January 1, 2008 must have an efficiency rating in the top third of all vehicles in its class could conflict with federal law requiring the purchase of alternative fueled vehicles (which are not always "efficient" as that term is defined in the industry). Non-compliance with federal law could subject the state to the risk of fines and penalties.

The bill also requires that cars and light duty trucks purchased by the state after January 1, 2010 must have an efficiency rating in the top third of its class, and 100% of such cars and light duty trucks must be alternative fueled, hybrid electric or plug-in electric vehicles. There would be increased costs in FY 10 for the state to purchase cars and light duty trucks that are 100% alternative fueled, hybrid electric, or plug-in electric.

The Out Years

Except as otherwise described above, the annualized ongoing fiscal impact identified above would continue into the future subject to inflation. In addition, the future effect on the state and municipalities as electric ratepayers is uncertain and cannot be determined at this time.

OLR Bill Analysis
sHB 7098

AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.

SUMMARY:

This bill establishes many energy initiatives, promoting energy efficiency, electric system reliability, renewable energy, and distributed generation (small on-site generators). It modifies the way electric companies procure power for the standard and last-resort service they provide to customers who do not choose competitive suppliers. It allows electric companies to build, with the approval of the Department of Public Utility Control (DPUC), power plants that are used to meet peak demand.

Among other things, the bill:

1. replaces money transferred from the electric companies' conservation funds and the state's Clean Energy Fund to the General Fund;

2. expands "green building" requirements to many state-funded school projects and large private sector building projects;

3. increases, by two percentage points, the reimbursement rate under the school construction grant program for those projects subject to the green building standards;

4. establishes funding mechanisms for natural gas and heating oil conservation programs;

5. authorizes $30 million in bonds for energy efficiency projects in state buildings and $30 million in bonds for renewable energy projects in state buildings;

6. increases the renewable portfolio standard, under which electric companies and competitive suppliers must obtain part of their power from renewable resources;

7. requires the electric companies to develop integrated resources plans to meet their customers' needs, which would emphasize energy efficiency;

8. requires DPUC to approve and implement these plans;

9. requires the social services (DSS) commissioner to maintain the increases in benefits under the Connecticut Energy Assistance Program (CEAP) the legislature adopted in 2005;

10. extends the end date of the winter utility shut-off moratorium; and

11. restricts municipalities' use of their eminent domain powers with regard to existing energy facilities.

EFFECTIVE DATE: Various, see below.

ENERGY EFFICIENCY

§§ 1, 2 — Energy Efficient Replacement Furnace Program

The bill requires, between July 1, 2007 and July 1, 2017, the Office of Policy and Management (OPM) secretary to provide a $500 rebate for the purchase and installation of replacement heating equipment that is at least 84% efficient. The rebate is available for equipment installed in residential structures containing up to four dwelling units.

The bill allows the proceeds of bonds issued under PA 05-2, October 25 special session, to be used for this program.

EFFECTIVE DATE: Upon passage for the bond authorization, July 1, 2007 for the program.

§ 3 — Air Conditioning Replacement Program

The bill requires the Energy Conservation Management Board

(ECMB), in consultation with the electric companies, to establish a rebate program for residential customers who replace air conditioning units that do not meet the federal Energy Star efficiency standards with ones that do. ECMB must implement the program from January 1, 2008 to September 1, 2008. The rebate ranges from at least $25 to at least $100 for room air conditioners, depending on the cost of the new air conditioner. The bill provides a rebate of at least $500 to residential customers who replace a central air conditioning unit that does not meet the Energy Star standards with one that does. The program must be funded from the existing electric company conservation funds.

The Department of Consumer Protection (DCP) may (1) allow retailers to participate in the program only if they certify that the grants go only to customers who replace their air conditioners and (2) may fine retailers up to $10,000 if they inappropriately provide grants.

DPUC must report to the Energy and Technology Committee by January 1, 2009 on the program's results.

EFFECTIVE DATE: Upon passage

§§ 11, 12, 91 — Green Building Standards for State-Funded Projects and New Non-Residential Buildings

The bill broadens and increases the state's "green building" requirements. Under current law, state facilities costing $5 million or more, funded on or after January 1, 2007 (with limited exceptions), must meet specified energy and environmental standards. The current standards are a silver rating under the Leadership in Energy and Environmental Design (LEED) program or its equivalent. The OPM secretary, in consultation with the public works commissioner and the Institute for Sustainable Energy, must waive the requirements if he finds that the cost of compliance significantly outweighs the benefits.

The bill, as of January 1, 2008, increases the standards by requiring that buildings additionally meet energy standards that surpass by at least 20% the standards contained in the 2004 edition of the American Society of Heating, Ventilation and Air Conditioning Engineers

(ASHRAE) standard 90.1. In addition, the completed building design and specifications and the completed commissioned building will receive an energy performance rating of at least 75 under the federal Energy Star rating system. (Commissioning, in this context, means verifying that the building systems actually will operate as designed.)

The bill extends the "green building" requirements to (1) state-funded school construction and housing projects and garages and certain other structures costing $5 million or more and (2) state-funded renovations of state facilities and state-funded school and housing projects costing $2 million or more. It requires the institute, rather than the OPM secretary, to determine whether the cost of compliance significantly outweighs the benefits.

The bill increases, by two percentage points, the reimbursement rate under the school construction grant program for those projects subject to the green building requirements. The school district must certify to the Education Department that the school will meet the standards.

In addition, the bill requires the state building inspector and the Codes and Standards Committee to amend the state building code, which applies to private- as well as public-sector buildings, to require all buildings and building elements exceed the ASHRAE 90.1 standard by 20% rather than merely meet this standard. It requires the building inspector and the committee to amend the code to require large construction projects built on or after January 1, 2010 to meet the LEED Silver standard or similar energy and environmental standard. The requirements apply to new buildings costing $5 million or more and renovations costing $2 million or more, other than residential buildings with up to four units. The bill requires the inspector and the committee to waive these requirements if the Institute for Sustainable Energy finds that the cost of compliance significantly outweighs the benefits.

EFFECTIVE DATE: October 1, 2007 for the increased grant level for school construction projects and the building code provisions; January 1, 2008 for the energy and environmental standards in state and state-

funded buildings.

§§ 13-18 — Equipment Energy Efficiency Standards

The bill establishes energy efficiency standards for various commercial products. These include, among others, certain incandescent lamps, medium voltage transformers, bottled water dispensers, commercial hot food holding cabinets, portable electric spas, walk-in refrigerators and freezers, and pool heaters. In most cases, the standards go into effect January 1, 2009.

The bill establishes efficiency standards for residential furnaces and boilers purchased by the state on or after January 1, 2009. It requires the Department of Administrative Services and other purchasing agencies to buy appliances and equipment that meet federal Energy Star standards.

Under current law, DPUC, in consultation with OPM, must take several steps in implementing and revising the standards. The bill instead assigns these responsibilities to OPM, in consultation with DPUC.

EFFECTIVE DATE: October 1, 2007

§§ 21, 22 — Tax Exemptions for Efficient Vehicles

The bill establishes a local option property tax exemption for hybrid vehicles and vehicles with fuel efficiencies of at least 40 miles per gallon.

The bill creates a sales tax exemption until July 1, 2010 for vehicles with city or highway fuel efficiencies of at least 40 miles per gallon.

EFFECTIVE DATE: January 1, 2008

§ 60 — Natural Gas Conservation Programs

By law, natural gas companies must develop annual conservation plans, but current law does not provide a funding mechanism. The bill requires that the plans be funded by the growth in the utilities gross receipts tax in each fiscal year over the amount contained in the

revenue estimate in the adopted budget for that year, subject to a $10 million per year cap. The money goes into an ECMB account, which is used to reimburse gas companies for their conservation expenditures. By law, the gas conservation programs are subject to the same evaluation and approval processes as the current electric conservation, i.e., programs must be cost-effective and reviewed by the ECMB. The bill also removes a prohibition on DPUC establishing a gas conservation charge to support the programs in the plan.

EFFECTIVE DATE: July 1, 2007

§ 73 — Fuel Oil Conservation Programs

The bill establishes a 15-member Fuel Oil Conservation Board, consisting of six members of the public appointed by the governor, the chairperson of the board that licenses heating and related contactors, one member representing an environmental advocacy group appointed by the Senate minority leader, and five members, including fuel oil dealers and related industry representatives, appointed by other legislative leaders. The six members appointed by the governor must include representatives of (1) an environmental organization, who must be knowledgeable in energy efficiency programs; (2) in-state generators; (3) a consumer advocacy group; (4) the business community; (5) low-income ratepayers; and (6) state residents in general. All of these members must have expertise in energy issues.

The bill requires the board to establish itself as a nonprofit organization and to issue an RFP to choose an entity to administer oil conservation programs. By November 1, 2007, it must contract with this entity for up to three years and can renew the contract.

By March 1, 2008 the program administrator must submit a comprehensive oil conservation plan for the rest of 2008 to the ECMB for its approval. In subsequent years, the administrator must submit a plan for the next calendar year by October 1 to the Fuel Oil Conservation Board for its approval. The Fuel Oil Conservation Board must assist the administrator to develop and implement the plan. The

bill imposes cost-effectiveness and other requirements on programs in the plan that parallel those in existing law for electric and natural gas conservation plans.

Under the bill, funding for the oil conservation programs comes from the increase in revenue from the petroleum products gross receipts tax sales above the 2006 revenue, subject to a $10 million annual cap. The money goes into a separate General Fund account. By July 1 in even-numbered years, a third party selected by the attorney general must audit the board's activities and submit its report to the Energy and Technology and Environment committees. By February 1 annually, starting in 2009, the board must report to these committees on the fund's expenditures and, balances and the program's cost-effectiveness.

EFFECTIVE DATE: July 1, 2007

§§ 81-83 — Sales Tax Exemptions for Energy Efficiency Goods

The bill (1) makes permanent the sales tax exemption for energy efficiency goods such as insulation, programmable thermostats, and furnaces that meet Energy Star standards and (2) makes oil furnaces and boilers that are 84% or more efficient, rather than 85% or more, eligible for this exemption.

The bill also permanently exempts from the sales tax (1) compact fluorescent light bulbs, (2) solar electric and space and water heating systems and related equipment and installation services, and (3) ice storage systems used for cooling and related equipment and installation services for utility customers billed on time-of-use rates. Finally, it exempts from the tax, until June 30, 2008, household appliances that meet federal Energy Star standards.

EFFECTIVE DATE: Upon passage for the Energy Star appliances; June 1, 2007 for the energy efficiency goods and compact fluorescent lamps; and July 1, 2007 for the solar and ice storage systems.

§ 85 —Tax Credits under the Neighborhood Assistance Act

Current law provides a credit against business taxes of up to 60% of a firm's investments in energy conservation projects in low-income housing developments or properties occupied by charitable organizations. The bill (1) increases the maximum credit to 100% and (2) establishes a 100% credit for energy conservation investments in other properties owned by these organizations.

EFFECTIVE DATE: July 1, 2007

§ 86 — Bonding for Energy Efficiency Projects in State Buildings

The bill authorizes up to $30 million in bonds for the Department of Public Works to fund the net project costs of energy efficiency projects in state buildings.

EFFECTIVE DATE: July 1, 2007

§ 87 — Grants for Energy Efficiency Projects in Colleges, Hospitals, etc.

The bill allows the Connecticut Health and Educational Facilities Authority to provide grants or other financial assistance to colleges, health care facilities, nursing homes, day care centers, and other nonprofit organizations for energy efficiency and renewable energy construction and renovation projects.

EFFECTIVE DATE: October 1, 2007

§§ 88, 94 — Low-Interest Energy Efficiency Loans

The bill reinstates, until June 30, 2008, provisions of PA 05-2, October 25 Special Session, that lowered the interest rate for the Connecticut Housing Investment Fund's (CHIF) energy efficiency loan program. But it excludes siding and replacement roof projects from the interest rate reduction.

The bill increases, from $15,000 to $25,000, the maximum loan that CHIF can provide to owners of one-to-four-unit residential properties under this program.

EFFECTIVE DATE: Upon passage

§§ 92, 93 — Restoring Utility Conservation Funds and the Clean Energy Fund

In recent years, the legislature has diverted part of the revenue that would have otherwise gone into the electric companies' conservation funds and the state's Clean Energy Fund the General Fund. To reduce the impact of the transfer on the conservation and clean energy funds, it authorized the issuance of bonds backed by future revenue from the conservation and renewable energy charges on electric bills.

The bill appropriates $95 million from the FY 07 budget to defease or buy back the bonds that mature after December 30, 2007, or a combination of these measures. Seventy-five percent of the revenue freed up as a result of this measure (net of the state's administrative costs) would go back into the conservation funds and 25% would go back into the Clean Energy Fund.

EFFECTIVE DATE: Upon passage

ELECTRIC RELIABILITY

§ 5 — Dual Fuel Capacity at Power Plants

The bill requires that, starting January 1, 2008, DPUC order that each intermediate or baseload electric generating facility with a rating of 65 megawatts or more have the capacity to burn either oil or gas on 48 hours notice if it is (1) currently fueled by one of these fuels and (2) owned by or under contract to an electric company.

EFFECTIVE DATE: Upon passage

§ 6 — Electric Company Linemen Staffing Levels

The bill requires DPUC, by September 1, 2007, to conduct a contested case proceeding to study (1) the appropriate number of linemen needed for an electric company to maintain, repair, and extend its distribution lines under normal circumstances and under extraordinary circumstances, including storms; (2) whether the consolidation of repair facilities results in longer restoration times; (3) whether greater use of newer technology would reduce outages; and (4) the most effective ways of notifying the public of an outage and the

status of the company's efforts to restore power. DPUC must report the proceeding results to the Energy and Technology Committee by January 1, 2008.

EFFECTIVE DATE: Upon passage

§ 7 — Wire Maintenance Plans

The bill requires each electric company to submit a plan to DPUC, by January 1, 2008, for maintaining transmission and distribution systems along highways, in a format DPUC prescribes. The plan must include a summary of appropriate staffing levels.

EFFECTIVE DATE: October 1, 2007

§ 8 — Staffing Levels and Rates

By law, utility rates must be just sufficient to allow the utility to cover its operating and capital costs and attract needed capital. The bill specifies that operating costs include appropriate staffing levels. It also includes energy security as one of the responsibilities of utilities.

EFFECTIVE DATE: October 1, 2007

§ 9 — Energy Security

The bill requires the Siting Council, in conjunction with the Coordinating Council of the Department of Emergency Management and Homeland Security, to investigate energy security with regard to siting of power plants and transmission facilities. The investigation must address planning, preparedness, and response and recovery capabilities. The Siting Council must begin the proceeding by September 1, 2007 and may conduct proceedings in an executive session to protect sensitive information covered by a protective order.

EFFECTIVE DATE: Upon passage

§ 10 — DPUC Study on Electric Reliability

The bill requires DPUC, in consultation with the Siting Council, to conduct a contested case proceeding to assess ways the state can

ensure and enhance the reliability of generating facilities in the state during peak electric demand periods. The proceeding must address:

1. the current compliance of generation facilities with existing on-site dual fuel storage and operational requirements,

2. the existing inventory of fuel storage and fuel delivery resources available to supply generating facilities in the state,

3. the amount of fuel delivery and storage infrastructure that would be needed to ensure the reliable operation of these facilities during peak demand periods,

4. the value of firm delivery contracts and the appropriate level of such contracts, and

5. the types of incentives that can be offered to the electric and gas industry to enhance the reliability of electric service during peak periods.

DPUC must begin the proceeding by September 1, 2007 and consult with the electric and gas industries, the Office of Consumer Counsel, the attorney general, and the entity that operates the New England power grid. DPUC must submit its findings and recommendations to the Energy and Technology Committee by January 1, 2008.

EFFECTIVE DATE: July 1, 2007

RENEWABLE ENERGY AND DISTRIBUTED RESOURCES

§ 4 — Charges for Fuel Cell Owners

The bill requires an electric company or competitive supplier to waive its demand charge for a fuel cell operator during (1) a loss of power caused by problems with the company's distribution infrastructure or (2) a scheduled or unscheduled shutdown of the fuel cell that occurs during off-peak hours. The amount waived is limited to the charge incurred during the shutdown or as a result of the problem.

EFFECTIVE DATE: October 1, 2007

§§ 19, 20, 49 — Funding for Distributed Resources

PA 05-1, June Special Session, established incentives for new distributed generation (e.g., small power plants using technology such as microturbines and fuel cells). One of the incentives for such generation located on a customer's premises is a one-time capital award of between $200 and $500 per kilowatt of capacity. Currently, the awards are funded by a charge on the bills of electric company customers.

The bill extends the incentives to such generation installed before January 1, 2007 if the generation (1) underwent upgrades that increased its thermal efficiency operating level by at least 10 percentage points, (2) operates at a thermal efficiency level of at least 50%, and (3) added electric capacity in the state on or after January 1, 2007. On the other hand, it limits the award, starting January 1, 2008, to the capacity that equals the customer's peak demand over the preceding 36 months, unless DPUC finds that an award for additional capacity is justified by net benefits the generation provides to other customers. DPUC must consider the electric company's cost of energy, several forms of generating capacity charges, and other factors DPUC considers relevant.

The bill requires municipal electric utilities to contribute a pro rata share of the awards in order for their customers to be eligible for them. DPUC must conduct a contested case, by June 1, 2007, to determine the utility's share, which must reflect an equitable way of allocating costs that reflects the benefits to electric company customers as a result of these payments. Funding for the remaining portion of the award continues to come from electric company customers, paid in semiannual payments over a period of up to five years.

The bill requires the municipal utility customer to apply to DPUC for the award. The application must contain a certification by an independent licensed engineer that the project is financially viable and

intended to reduce the customer's peak demand. These provisions already apply to utility company customers.

EFFECTIVE DATE: Upon passage for the cap on awards; July 1, 2007 for the expansion of the incentives for distributed generation; and January 1, 2008 for the municipal utility provisions.

§§ 23-38 — Energy Improvement Districts

The bill allows municipalities to establish "energy improvement districts" and prescribes how they can be formed. It specifies the powers of such districts, which include developing and operating small power plants and certain conservation programs. It requires the district to develop a plan, in consultation with the Connecticut Center for Advanced Technology, for financing and developing these resources.

The bill gives the districts a wide range of powers, including hiring staff, operating distributed resources, and charging fees for its projects. The district's board can issue revenue bonds, which are subject to standard provisions regarding the bond issuance, revenue guarantees to back the bonds, trust indentures, and other bondholder rights. Districts are tax-exempt but can make payments in lieu of property taxes.

The bill gives municipalities a wide range of powers to aid districts, including guaranteeing the district's bonds, issuing general obligation bonds to support the district, and appropriating funds for the district's use.

EFFECTIVE DATE: Upon passage

§§ 39, 40 — Power Plant Interconnection Standards

By law, electric utilities (including municipal electric utilities) must interconnect with non-utility generators. The bill requires DPUC to adopt regulations on interconnection standards by January 1, 2008 that meet or exceed national standards. (Interconnection standards deal with such things as the transformers that connect generating facilities

with transmission lines). If DPUC does not adopt these regulations by October 1, 2008, each of the utilities and the municipal electric energy cooperative must meet New Jersey's interconnection standards.

EFFECTIVE DATE: October 1, 2007

§ 41 — Clean Energy Fund Investments

The bill allows the Clean Energy Fund to invest in (1) alternative fuel, including ethanol, biodiesel, or other fuel, produced in Connecticut and derived from agricultural produce, food waste, or waste vegetable oil and (2) hydropower that will meet the low-impact standards of the Low-Impact Hydropower Institute. It also specifically allows the fund to invest in solar thermal and solar photovoltaic energy.

EFFECTIVE DATE: October 1, 2007

§ 42 — Net Metering

By law, electric utilities and competitive suppliers must give a credit to their customers in one- to four-dwelling unit properties who generate electricity using class I renewable resources, such as wind or solar power, or hydropower. The bill expands these provisions to also cover commercial customers with generation capacity up to two megawatts, provides for payments to customers who generate more power than they use in a given billing period, and makes related changes.

EFFECTIVE DATE: October 1, 2007

§§ 43, 84 — Renewable Portfolio Standard

Under current law, electric companies and suppliers must obtain 3.5% of their power from class I renewable resources in 2007, 5% in 2008, 6% in 2009, and 7% in 2010 and subsequent years under the state's renewable portfolio standard (RPS).

The bill increases the RPS for class I resources to 8% stating in 2011. It increases the class I RPS to 9% in 2012, 10% in 2013, 11% in 2014,

12.5% in 2015, 14% in 2016, 15.5% in 2017, 17% in 2018, 19.5% in 2019, and 20% in 2020 and thereafter (in each year, the company or supplier must continue to get an additional 3% of its power from class I or class II resources). The bill also allows companies and suppliers to meet the standard by buying power from residential net-metering customers (customers who generate power from class I resources.)

The bill additionally allows electric companies to procure renewable energy certificates from renewable energy sources that represent 50% or more of the company's procurement of these sources. (These credits are bought and sold on the New England market as one way of complying with renewable portfolio standards in Connecticut and other states. The credits can be sold separately from the power produced by renewable resources.) The bill allows the electric company to enter into a contract for up to 15 years to buy the certificates. The credits count towards the company's RPS compliance for the period covered by the certificates.

The bill requires DPUC to conduct a contested case to establish procedures for procuring certificates and the recovery of their costs by electric companies. The procedures must include (1) the method and timing of counting the procurement of the certificates against the RPS; (2) the terms and conditions to be imposed on entities seeking to supply the credits; and (3) compensation to the companies for administering procurement under these provisions, not to exceed 0.1 cent per kilowatt-hour. This compensation does not count towards the company's earnings for determining whether the company's rates are just and reasonable and do not have to be shared with ratepayers.

EFFECTIVE DATE: Upon passage for the renewable energy credits provisions; October 1, 2007 for the remaining provisions.

§ 44 — Municipal Electric Utilities and Renewable Energy

The bill requires the Connecticut Municipal Electric Energy Cooperative (CMEEC) to develop standards for promoting renewable resources that apply to each municipal electric utility in the state. By

January 1 annually, CMEEC must submit the standards to the group that advises Connecticut Innovations, Inc., which administers the Clean Energy Fund. The bill also requires CMEEC to submit an annual report to this group on the activities of municipal utilities to promote renewable resources.

EFFECTIVE DATE: July 1, 2007

§§ 45, 46, 47 — Class III Renewable Resources

By law, electric companies and suppliers must get part of their supply from class III resources as part of the RPS. The bill makes several changes regarding these resources. Under current law, they are (1) electricity produced by systems that produce heat and power developed at commercial and industrial facilities and (2) electricity savings from conservation and load management programs at these facilities that began on or after January 1, 2006. Among other things, the bill expands class III resources to include (1) systems that recover waste heat or pressure from commercial and industrial processes installed on or after April 1, 2007 and (2) electricity savings from residential conservation programs that started on or after January 1, 2006. It excludes projects that violate Department of Environmental Protection's (DEP) water quality standards from the class III RPS. It also makes related changes.

It entitles a customer who implements energy conservation or customer-side distributed resources on or after January 1, 2008 to class III credits equal to at least 1 cent per kilowatt-hour. For projects receiving conservation and load management funding, 25% of the credit goes to the customer and the remainder to Conservation and Load Management Funds. For projects not receiving such funding that are submitted on or after March 9, 2007, 75% of the credit goes to the customer and the rest to the Conservation and Load Management Funds. For projects serving residential customers, 75% of the credits must go to the Conservation and Load Management Funds. (The bill does not specify where the rest goes.) By July 1, 2007, DPUC must conduct a contested case to develop a procedure for awarding and

aggregating the credits.

In all cases, to be eligible for class III credits, the customer must annually submit a form to DPUC, certified by a licensed professional engineer, stating the number of kilowatt-hours he or she generated or saved.

The bill delays, from February 1, 2006 to February 1, 2008, the deadline for DPUC to issue a decision in a proceeding to develop administrative processes for a class III credit trading program.

EFFECTIVE DATE: October 1, 2007 for the requirement that class III resources meet DEP water standards and the delay in the DPUC decision deadline; upon passage for the remaining provisions.

§ 48 — DEP Hydropower Agreements

The bill allows the DEP commissioner to enter lease agreements with private entities, in consultation with affected towns and watershed organizations, to allow the private entities to generate hydroelectricity.

EFFECTIVE DATE: October 1, 2007

§§ 50, 51 — Property Tax Exemptions

The bill expands the scope of the property tax exemption for renewable energy systems and mandates the exemption rather than making it a local option. Under current law, municipalities can exempt class I renewable resources in one-to-four-unit residential buildings. The bill requires that they exempt these resources and any (1) passive or active solar water or space heating system or (2) geothermal energy resource, in both cases from any type of building. The bill also makes conforming changes.

EFFECTIVE DATE: October 1, 2007

§§ 62, 63 — CEAB Review Process

By law, the Connecticut Energy Advisory Board (CEAB) must conduct an alternatives analysis when an application is made to the

Siting Council to build certain energy facilities. The bill exempts generating facilities with a capacity of up to five megawatts and electric substations from this requirement. The bill also allows CEAB, by a two-thirds vote of the members present and voting, to waive this requirement for a specific application because the process is not likely to result in a reasonable alternative to the proposed facility. By December 1, 2007, the board must develop (after soliciting public comment) and approve additional criteria to apply when determining whether the process can be waived. CEAB must include its reasons in its determination.

EFFECTIVE DATE: July 1, 2007

§ 75 — Siting Council Review

By law, a Siting Council certificate is not required for (1) any fuel cell with a capacity of up to 10 kilowatts, or (2) a larger fuel cell, unless the council finds that it causes substantial environmental harm. The bill extends the 10 kilowatt limit to 250 kilowatts for fuel cells manufactured in the state.

Under current law, a certificate is not needed for distributed generation resources below 65 megawatts, unless the facility violates DEP air quality standards. The bill additionally requires the facility to meet DEP water quality standards in order to be eligible for this exemption.

EFFECTIVE DATE: October 1, 2007

§ 81 — Solar Energy, Geothermal, and Ice Storage Equipment Sales Tax Exemption

The bill exempts from the sales tax (1) sales of active and passive solar energy and geothermal systems, related equipment, and related installation services; and (2) sales of ice storage systems used for cooling, related equipment, and related installation service for utility customers on time-of-use rates.

EFFECTIVE DATE: July 1, 2007

§ 95 — Bonding for Renewable Energy Projects in State Buildings

The bill authorizes $30 million in bonds for Connecticut Innovations, Inc., which administers the Clean Energy Fund, to fund the net project costs of renewable energy and combined heat and power (cogeneration) projects in state buildings. To be eligible, the building must be certified in the LEED program or in the process of being certified.

EFFECTIVE DATE: July 1, 2007

STANDARD SERVICE AND LAST RESORT ELECTRIC SERVICE

§ 53 — Procurement and Pricing, "Green" Option, Project 100

By law, electric companies must provide (1) standard service to small- and medium-size customers who do not choose a competitive supplier and (2) supplier-of-last-resort service to large customers who do not choose a supplier. The bill transfers customers who have demand meters but whose maximum demand is less than 500 kilowatts from standard service to last-resort service. On the other hand, it entitles school districts and municipalities to standard service, regardless of their demand.

The bill requires DPUC, in analyzing the bids by wholesalers to provide power for both services, to determine whether they are consistent with the DPUC-approved plan for obtaining generation and other resources each electric company must develop under the bill.

By law, each company submitting a bid to provide electricity for standard service must submit it to the electric company and a third-party contractor selected by DPUC. The company and the contractor must review the bids and submit an overview of them, together with their joint recommendation, to DPUC. The bill additionally requires that they conduct a cost-based analysis of the bids. It requires DPUC to make all of the bids it receives and the analyses of them available to the Office of Consumer Counsel and the attorney general. They may not make the bids available to the public until DPUC does so.

By law, DPUC can reject the joint recommendation. The bill

specifies that DPUC can do this if the bids are not in customers' best interest. It requires that once DPUC approves the bids, the electric company must enter into contracts with the approved bidders. It requires that all of the bids received during the procurement process be made available for public review three months after DPUC's approval or rejection, together with DPUC's findings and reasons for rejecting bids.

Under current law, DPUC must adjust the price of standard service periodically, but not more than once per quarter. The bill requires that DPUC set the price on an annual basis, but allows DPUC to adjust it as frequently as once per quarter if it determines that this would be in customers' interests. By October 1, 2009, and biennially thereafter, DPUC must conduct contested cases to review the efficacy of the process of procuring contracts for this service, including an assessment of the extent to which the integrated resource planning and procurement standards discussed below are met.

Under current law, DPUC can direct the electric companies to offer a "green" option, through licensed suppliers, in which a standard service customer can buy power that exceeds the RPS. The bill requires DPUC to direct the companies to offer this option, and requires that they offer customers an option for buying renewable energy directly. (Under the current program, customers buy renewable energy credits, rather than the actual "green" power.)

The bill requires DPUC to procure power for last-resort service annually. It allows DPUC, starting July 1, 2008, to study how often these rates should change. It allows prices to change more frequently based on this study.

As an alternative to the current procurement processes for standard service and last-resort service, the bill allows an electric company, until June 30, 2009, to enter into a tentative proposed supply contract. DPUC must review the proposed contract in a contested case, and if approved, the company can enter into the contract.

The bill requires the electric companies to enter into long-term contracts for 125, rather than 100, megawatts of class I renewable resources for the period October 1, 2007 to October 1, 2008. It increases this amount to 150 megawatts starting October 1, 2008. By law, the resources must have received funding from the Clean Energy Fund and individual projects must be at least one megawatt in size.

EFFECTIVE DATE: Upon passage

PEAKING GENERATION

§ 54 — Utility-Owned Peaking Generation

The law required DPUC to issue a request for proposals (RFP) for measures to reduce the costs arising from congestion on the transmission system. Electric companies were allowed to submit proposals, subject to certain conditions that did not apply to non-utility generators, but chose not to do so. DPUC is currently reviewing the proposals it received, which include proposals for new peaking plants (which operate during period of peak demand), baseload plants (those that operate most of the time), and other types of resources. Non-utility generators whose proposals are accepted by DPUC can enter into long-term electric capacity contracts with the electric companies.

Under the bill, if DPUC determines that the state needs peaking generation, it must direct the electric companies to submit proposals to build an amount of peaking generation equal to the amount DPUC approved in the proposals from the non-utility generators. The electric companies can submit bids in proportion to their loads. Their proposals must (1) include the projects' full projected costs and (2) demonstrate that the projects are not subsidized by their affiliates. DPUC can require the companies to submit additional information, which it can use in evaluating the proposals. DPUC can reject proposals that are not in customers' best interests. It must reject those that cost more than the median cost of approved projects.

Electric companies would be allowed to recover their prudently

incurred operating and capital costs for approved projects and earn a reasonable rate of return on their equity under traditional rate-making principles. The recovery would be set in an annual contested case at DPUC. DPUC would be required to update the rate of return at least once every four years.

EFFECTIVE DATE: Upon passage

INTEGRATED RESOURCES PLANNING AND RESOURCE PROCUREMENT

§§ 55-57 — Integrated Resources Planning

Development. The bill requires the electric companies to develop a triennial comprehensive plan for procuring energy resources. The plan must assess (1) the energy and capacity requirements of the customers for the next three, five, and 10 years; (2) the impact of current and projected environmental standards, including those related to greenhouse gas emissions and the Clean Air Act goals, and how different resources could help achieve those standards and goals; (3) energy security and economic risks associated with potential energy resources; and (4) the estimated lifetime cost and availability of potential energy resources.

Under the plan, resource needs must first be met through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The plan must specify (1) the total amount of energy and capacity resources needed to meet the requirements of all customers, (2) to what extent demand side measures can cost-effectively meet these needs, (3) needs for generating capacity and transmission and distribution improvements, (4) how developing these resources will reduce and stabilize the costs of electricity to consumers, and (5) how each of the proposed resources should be procured, including the optimal contract periods.

The plan must consider:

1. approaches to maximizing the impact of demand-side measures;

2. the extent to which generation needs can be met by renewable and cogeneration facilities;

3. the impact of regional market incentives;

4. types and locations for generation that would optimize the generation portfolio in the state;

5. fuel types, diversity, availability, firmness of supply and security;

6. environmental impact of the various fuels, including how they affect the state's ability to meet its greenhouse gas emission goals;

7. reliability, peak load and energy forecasts, system contingencies and existing resource availability;

8. import limits and the appropriate reliance on imports;

9. the costs and benefits of options for the ownership of energy resources, including ownership by an electric company; and

10. the impact of the plan on the costs of electric customers, including the effects on rate stability and affordability for low-income customers.

In addition, if the companies determine it is in the best interest of customers, the plan must address how new resources could be integrated into their procurement of power for standard service and last-resort service.

Review by the Connecticut Energy Advisory Board. The companies must submit the plan to a reformulated CEAB. Under current law, CEAB consists of nine members, including six agency heads and one member each appointed by the governor, House speaker, and Senate president pro tempore. The bill drops the DPUC chairperson from the board. It increases the number of gubernatorial appointees by eight and specifies that they represent (1) an

environmental organization with knowledge of energy efficiency programs, (2) in-state generators, (3) a consumer advocacy organization, (4) a statewide business association, (5) a chamber of commerce, (6) a statewide manufacturing association, (7) low-income ratepayers, and (8) state residents in general. The bill requires that the legislative appointees be experts on energy issues.

The bill requires CEAB, in consultation with the entity that administers the regional wholesale market and in-state generators, to review and approve the plan within 120 days of receiving it. (The transportation and agriculture commissioners, who are CEAB members, do not participate in this review.) The board may retain a consultant with experience in energy procurement and may consult with the regional independent system operator. CEAB must approve or modify the plan. It must submit the reviewed plan, together with a statement of any unresolved issues, to DPUC.

DPUC must consider the plan in an uncontested docket and give interested parties an opportunity to submit comments on it. Within 120 days after CEAB submits the plan, DPUC must approve, or modify and approve, it.

Implementation of the Plan. DPUC must implement the plan by (1) issuing RFPs to meet specified energy resource needs set forth in the plan or by directing the electric companies to issue such RFPs, (2) directing the electric companies to include additional demand-side contained in the plan into their existing conservation plans for review by the Energy Conservation Board, (3) directing the electric companies to submit proposals for specific transmission or distribution facility improvements or projects identified in the plan, or (4) taking other actions within its authority to implement the plan.

From January 1, 2008 until DPUC implements the plan, the electric companies must include all available energy efficiency and demand-reduction resources that are cost-effective, reliable and feasible in the conservation plans they are required to prepare under existing law.

EFFECTIVE DATE: Upon passage

§ 58 — New RFPs for Resources

The bill authorizes DPUC to issue new RFPs based on the results of the integrated resources plan. The RFPs can seek proposals for (1) demand response, efficiency, and load management measures and (2) new, expanded, or repowered generation, which would be paid for on a cost-of-service basis. (Under cost-of-service regulation, DPUC would set the rate for the power produced by a plant so as to allow the plant's owner to recover its prudently incurred capital and operating costs, and earn a reasonable rate of return on its investments.) Proposals made by non-utility generators must include draft contracts, which can run for up to 15 years. The draft contracts for all types of non-utility generation must include all of the capacity rights associated with the proposed generating plants. Proposals for new baseload and intermediate generating plants must also include the energy the plants would produce. The draft contracts must provide for compensation to be made on a cost-of-service basis.

As is the case under the current RFP, (1) DPUC can retain a consultant to help it develop the new RFPs and evaluate proposals, (2) the cost of the consultants are recovered through the congestion charge on electric bills, and (3) DPUC must publish the RFPs in one or more newspapers and post them on its website.

DPUC must evaluate the proposals made under the new RFPs based on consistency with environmental sustainability, reduction and stabilization of rates, fuel diversity, and reduction or minimization of greenhouse gas emissions. DPUC can only approve proposals that are in customers' long-term interests. It must make all of the proposals available to the public six months after accepting or rejecting them.

Electric companies must enter into contracts with the non-utility developers of projects selected under the new RFPs, and either party can ask DPUC to mediate disputes. The contracts require DPUC approval, must contain terms that mitigate long-term risks to

customers, and cannot run for more than 15 years. Winning proposals are eligible for expedited siting, under certain circumstances.

EFFECTIVE DATE: Upon passage

§ 59 — DPUC Proceeding if New RFPs do not Meet Demands Identified in the Plan

On or after July 1, 2009, if DPUC does not receive and approve proposals that cover the needs identified in the integrated resources plan, it must conduct a needs assessment as a contested case to identify the total amount and type of resources still needed. If it determines that there are unaddressed needs, it must conduct a cost/benefit analysis of having the state serve as the "builder of last resort." It may also issue a new RFP to electric companies to have them meet this need by building new generation or demand-response measures, subject to the same conditions as the new RFPs described above. If approved, the companies would be compensated on a cost-of-service basis.

EFFECTIVE DATE: July 1, 2007.

ENERGY ASSISTANCE

§ 78 — Connecticut Energy Assistance Program

The bill requires the DSS commissioner to maintain the increases in benefits under the Connecticut Energy Assistance Program (CEAP) the legislature adopted in 2005 when developing the CEAP plan for the 2007/2008 heating season, which will be submitted for legislative approval in the fall of 2007.

EFFECTIVE DATE: July 1, 2007

§ 79 — DSS Discounted Fuel Purchasing Program

The bill broadens requirements for DSS to buy fuel at discounted prices for CEAP participants. It expands the requirement to include all deliverable fuels, rather than just heating oil. It also requires that DSS ensure that all fuel assistance recipients are treated the same as other similarly situated customers and that fuel dealers do not discriminate against them under their standard payment, delivery, service, or other

similar plans.

DSS must take advantage of programs offered by dealers that reduce the cost of the fuel, such as fixed price, capped price, pre-purchase or summer-fill options, thereby reducing CEAP's program cost and making the maximum use of its revenues. DSS must ensure that all agencies administering CEAP make payments to participating dealers in advance of the delivery of energy where the dealer provides price-management strategies that require advance payments.

The bill requires the community action agencies that administer CEAP to provide DSS with pricing information from participating dealers. The information must include (1) the statewide or regional retail price per unit of fuel, (2) the reduced price per unit paid by the state, (3) the number of units delivered to the state under the program, and (4) the total savings under the program due to the purchase of deliverable fuel using the dealers' price-management strategies.

The bill also requires the community action agencies that administer fuel assistance programs to begin accepting applications by September 1 annually.

EFFECTIVE DATE: July 1, 2007

§ 80 — Winter Shut-Off Moratorium Extension

The bill extends, from April 15 to May 1, the end date of the annual winter moratorium, during which electric and gas utilities cannot terminate service to hardship customers who cannot pay their utility bills. (By law, the start date is November 1.) Hardship customers include households (1) whose only income is Social Security or unemployment benefits, (2) that have a seriously ill household member, and (3) with incomes up to 125% of the federal poverty level, among others. The bill also makes related changes.

EFFECTIVE DATE: October 1, 2007

§ 96 & 97 — Operation Fuel

Under current law, electric and gas companies must allow their customers to donate $1 per billing cycle to Operation Fuel, which provides assistance to people ineligible for the Connecticut Energy Assistance Program. The bill requires the companies to (1) offer $1, $2, $3, or other donation options; (2) allow customers who are billed or pay electronically to participate; and (3) extends these provisions to municipal electric and gas utilities. It also requires Operation Fuel, Inc. (the group that administers the program) to provide fundraising inserts to fuel oil dealers who choose to participate in the program. It requires the utilities and the participating fuel oil dealers to coordinate their promotion of the program.

The bill also requires Operation Fuel, Inc., to establish a one time program in 2007 to provide a grant to low income people with high arrearage based on recipients' income and arrearage amount. The grants can only go against arrearages that are up to 24 months old and cannot exceed $1,000. The program must also include case management services.

EFFECTIVE DATE: Upon passage

OTHER PROVISIONS

§ 52 — Solar Contractor Licensing

The bill exempts from DCP licensure requirements employees and subcontractors of licensed solar contractors engaged in solar technology installations.

EFFECTIVE DATE: Upon passage

§ 61 — "Net energy" Evaluation of Proposed Power Plants

By law, when an application is made to the Siting Council to build a new power plant, CEAB must solicit and evaluate alternative proposals. The bill requires CEAB also conduct a "net energy analysis" of each plant larger than 65 megawatts. This analysis must determine the ratio between (1) the amount of energy the plant will produce over its lifetime and (2) the amount of energy used in plant construction and maintenance and the total fuel cycle, both over the plant's lifetime.

EFFECTIVE DATE: July 1, 2007

§§ 64, 65 — Expedited DEP Permitting of New Generation

The bill requires DEP to expedite the permitting of distributed resources by issuing a final decision within 120 days of the application date. The requirement applies to applications filed between January 1, 2007 and January 1, 2010.

The bill requires DEP to enter into a memorandum of understanding with DPUC by September 1, 2007 regarding the air emissions permit provisions governing the operation of emergency generators. By February 1, 2008, the agency commissioners must report to the Energy and Technology and Environment committees on the understanding. They also must report to the committees when they modify the agreement.

EFFECTIVE DATE: Upon passage

§ 66 — Cost Sharing for Relocating Electric Utility Facilities

PA 05-210 relieved the Department of Transportation of cost-sharing requirements when electric transmission and trunkline facilities had to be relocated in highway rights-of-way. This bill limits these changes to facilities owned by an electric company.

EFFECTIVE DATE: Upon passage

§ 67 — Domestic Electric Companies

The bill reinstates a provision repealed by PA 05-1, June Special Session, on the charters of "domestic electric companies."

EFFECTIVE DATE: July 1, 2007

§ 68 — DPUC Commissioners

The bill requires that anytime a new DPUC commissioner is appointed, at least one of the five commissioners must have experience in utility customer advocacy.

EFFECTIVE DATE: October 1, 2007

§§ 69-72 — Various DPUC and CEAB studies

EFFECTIVE DATE: Various

§ 74 — Purchased Gas Adjustment and Energy Adjustment Clauses

Under current law, DPUC can approve mechanisms that adjust natural gas and electric rates to reflect differences between projected and actual sales. The bill allows these adjustment clauses to be based on changes in total retail sales or per-customer sales that specifically and directly result from energy efficiency and related initiatives implemented by the company. It allows DPUC to adopt such provisions on or after the company's next rate case.

EFFECTIVE DATE: July 1, 2007

§§76, 77 — Technical and Conforming

EFFECTIVE DATE: July 1, 2007

§§ 89, 90 — Restrictions on Eminent Domain for Energy Facilities

The bill bars municipalities, other than those with municipal electric utilities, from condemning or restricting the operation of any existing energy facility (e.g., power plants, transmission lines, and fuel storage facilities) that DPUC determines is a critical part of the state's infrastructure, without getting the written approval of DPUC, OPM, CEAB, and the Siting Council stating that this would not harm the state or region's ability to provide a particular energy resource to its citizens.

EFFECTIVE DATE: Upon passage

§ 98 — STATE FLEET FUEL EFFICIENCY

The bill modifies fuel efficiency requirements for state fleet vehicles and increases the proportion of these vehicles that must be alternatively fueled. Under current law, the average fuel efficiency of cars and light duty trucks must be at least 40 miles per gallon. The bill additionally requires, starting January 1, 2008, that each car or light duty truck have an efficiency rating that is in the top third of the

vehicles in its class.

Under current law, the state fleet must meet federal requirements for the proportion of vehicles that run on alternative fuel. Under federal law, at least 75% of vehicles bought by the state (with certain exceptions) must be alternative fuel (these include electric vehicles and vehicles capable of operating on ethanol, among others). The bill requires that between January 1, 2008 and December 31, 2009, at least 50% of the purchased vehicles be alternative fueled, hybrid electric, or plug-in electric vehicles. This proportion must increase to 100% starting January 1, 2010.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Bills

sSB 1373 reported favorably by the Energy and Technology Committee, has several similar provisions. These include provisions restoring funding for the conservation and clean energy funds, tax exemptions for renewable energy systems and energy efficiency goods, and $30 million in bonding for renewable energy projects in state buildings.

SB 1374 reported favorably by the Energy and Technology Committee, has similar green building and energy assistance provisions.

Legislative History

The House referred the bill (File 178) to the Appropriations Committee, which reported a substitute that eliminated appropriations of $2.5 million for the arrearage forgiveness program and $2.5 million in funding for Operation Fuel, Inc.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 21 Nay 1 (03/13/2007)

Environment Committee

Joint Favorable
Yea 26 Nay 1 (04/18/2007)

Appropriations Committee

Joint Favorable Substitute
Yea 36 Nay 2 (04/30/2007)