



# House of Representatives

General Assembly

**File No. 863**

*January Session, 2007*

Substitute House Bill No. 7098

*House of Representatives, May 23, 2007*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th 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:

1 Section 1. (NEW) (*Effective July 1, 2007*) On and after July 1, 2007,  
2 and not later than July 1, 2017, the Secretary of the Office of Policy and  
3 Management shall provide a five-hundred-dollar rebate for the  
4 purchase and installation in residential structures of replacement  
5 natural gas, propane and oil furnaces and boilers that are not less than  
6 eighty-four per cent efficient. Persons may apply to the secretary, on a  
7 form prescribed by the secretary, to receive such rebate. The rebate  
8 shall be available for only a residential structure containing not more  
9 than four dwelling units.

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11 repealed and the following is substituted in lieu thereof (*Effective from*  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

13 The State Bond Commission shall have the power, from time to

14 time, to authorize the issuance of bonds of the state in one or more  
15 series and in principal amounts not exceeding in the aggregate five  
16 million dollars. The proceeds of the sale of said bonds shall be  
17 deposited in the Energy Conservation Loan Fund established under  
18 section 16a-40a of the general statutes for the purposes of making and  
19 guaranteeing loans and deferred loans as provided in section 5 of [this  
20 act] public act 05-2 of the October 25 special session and section 1 of  
21 this act. All provisions of section 3-20 of the general statutes, or the  
22 exercise of any right or power granted thereby which are not  
23 inconsistent with the provisions of sections 16a-40 to 16a-40b,  
24 inclusive, of the general statutes, as amended by section 5 of public act  
25 05-191, and this section are hereby adopted and shall apply to all  
26 bonds authorized by the State Bond Commission pursuant to said  
27 sections 16a-40 to 16a-40b, inclusive, and this section, and temporary  
28 notes in anticipation of the money to be derived from the sale of any  
29 such bonds so authorized may be issued in accordance with said  
30 section 3-20 and from time to time renewed. Such bonds shall mature  
31 at such time or times not exceeding twenty years from their respective  
32 dates as may be provided in or pursuant to the resolution or  
33 resolutions of the State Bond Commission authorizing such bonds.  
34 Said bonds issued pursuant to said sections 16a-40 to 16a-40b,  
35 inclusive, and this section shall be general obligations of the state and  
36 the full faith and credit of the state of Connecticut are pledged for the  
37 payment of the principal of and interest on said bonds as the same  
38 become due, and accordingly and as part of the contract of the state  
39 with the holders of said bonds, appropriation of all amounts necessary  
40 for punctual payment of such principal and interest is hereby made,  
41 and the Treasurer shall pay such principal and interest as the same  
42 become due.

43 Sec. 3. (*Effective from passage*) (a) On or before January 1, 2008, the  
44 Energy Conservation Management Board, in consultation with the  
45 electric distribution companies, shall develop and establish a program  
46 to (1) provide rebates to residential customers of electric distribution  
47 companies who replace an existing window air conditioning unit that  
48 does not meet the federal Energy Star standard with a unit that does

49 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] 2008, and annually thereafter, 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;

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

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

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

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

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

330 (20) "Large packaged air-conditioning equipment" means air-cooled  
331 packaged air-conditioning equipment having not less than 240,000  
332 BTUs per hour of capacity;

333 (21) "Commercial clothes washer" means a soft mount front-loading  
334 or soft mount top-loading clothes washer that is designed for use in  
335 (A) applications where the occupants of more than one household will  
336 be using it, such as in multifamily housing common areas and coin  
337 laundries; or (B) other commercial applications, if the clothes container  
338 compartment is no greater than 3.5 cubic feet for horizontal-axis  
339 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

728 service area to qualify for such awards. Said pro rata share shall reflect  
729 an equitable method of cost allocation that reflects the benefits that  
730 accrue to electric distribution customers as a result of such customer-  
731 side distributed resources. The pro rata share that is not paid by the  
732 municipal electric utilities shall be recovered through federally  
733 mandated congestion charges in nonmunicipal electric utility service  
734 areas and shall be paid in equal semi-annual payments for a period of  
735 not more than five years.

736 (b) In order to qualify for such an award, any customer shall submit  
737 an application, in a form prescribed by the Department of Public  
738 Utility Control, to said department. The application shall contain a  
739 certification by an independent licensed engineer that the customer-  
740 side distributed resource is intended to operate for purposes of  
741 reducing customer peak electric loads and that the project is financially  
742 viable.

743 Sec. 20. Section 16-243r of the general statutes is repealed and the  
744 following is substituted in lieu thereof (*Effective July 1, 2007*):

745 The provisions of sections 7-233y, 16-1, as amended by this act, 16-  
746 19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-243i to 16-243q, inclusive, 16-  
747 244c, as amended by this act, 16-244e, 16-245d, 16-245m, 16-245n, as  
748 amended by this act, 16-245z and 16-262i and section 21 of public act  
749 05-1 of the June special session\*, apply to new customer-side  
750 distributed resources and grid-side distributed resources developed in  
751 this state that add electric capacity on and after January 1, 2006, and  
752 shall also apply to customer-side distributed resources and grid-side  
753 distributed resources developed in this state prior to January 1, 2007,  
754 that (1) have undergone upgrades that increase the resource's thermal  
755 efficiency operating level no fewer than ten percentage points, (2)  
756 operate at a thermal efficiency level of at least fifty per cent, and (3)  
757 add electric capacity in this state on or after January 1, 2007, provided  
758 such measure is in accordance with the provisions of said sections 7-  
759 233y, 16-1, as amended by this act, 16-19ss, 16-32f, 16-50i, 16-50k, 16-  
760 50x, 16-243i to 16-243q, inclusive, 16-244c, as amended by this act, 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

884 District Board may, from time to time, issue bonds subject to the  
885 approval of the legislative body in the municipality in which the  
886 energy improvement district is located, for the purpose of paying all or  
887 any part of the cost of acquiring, purchasing, constructing,  
888 reconstructing, improving or extending any energy improvement  
889 district distributed resources project and acquiring necessary land and  
890 equipment thereof, or for any other authorized purpose of the board.  
891 The board may issue such types of bonds as it may determine,  
892 including, but not limited to, bonds payable as to principal and  
893 interest: (1) From its revenues generally; (2) exclusively from the  
894 income and revenues of a particular project; or (3) exclusively from the  
895 income and revenues of certain designated projects, whether or not  
896 they are financed in whole or in part from the proceeds of such bonds.  
897 Any such bonds may be additionally secured by a pledge of any grant  
898 or contribution from a participating municipality, the state or any  
899 political subdivision, agency or instrumentality thereof, any federal  
900 agency or any private corporation, copartnership, association or  
901 individual, or a pledge of any income or revenues of the board, or a  
902 mortgage on any project or other property of the board, provided such  
903 pledge shall not create any liability on the entity making such grant or  
904 contribution beyond the amount of such grant or contribution.  
905 Whenever and for so long as any board has issued and has  
906 outstanding bonds, the board shall fix, charge and collect rates, rents,  
907 fees and other charges in accordance with section 28 of this act. Neither  
908 the members of the board nor any person executing the bonds shall be  
909 liable personally on the bonds by reason of the issuance thereof. The  
910 bonds and other obligations shall so state on the face, shall not be a  
911 debt of the state or any political subdivision thereof, except when the  
912 board or a participating municipality which, in accordance with  
913 section 35 of this act, has guaranteed payment of principal and of  
914 interest on the same, and no person other than the board or such a  
915 public body shall be liable thereon, nor shall such bonds or obligations  
916 be payable out of any funds or properties other than those of the board  
917 or such a participating municipality. Such bonds shall not constitute an  
918 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 16-245l 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) in consultation with  
1789 affected town and watershed organizations, enter into a lease  
1790 agreement with a private entity to allow the private entity to generate  
1791 hydroelectricity; (11) by regulations adopted in accordance with the  
1792 provisions of chapter 54, 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] On and after October 1, 2007, and  
2462 until September 30, 2008, such contracts shall be comprised of not less  
2463 than a total, apportioned among each electric distribution company, of  
2464 one hundred twenty-five megawatts; and on and after October 1, 2008,  
2465 such contracts shall be comprised of not less than a total, apportioned  
2466 among each electrical distribution company, of one hundred fifty

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. Services  
2813 provided under the plan shall be available to all gas company  
2814 customers within available appropriations. Each gas company shall  
2815 apply to the Energy Conservation Management Board for  
2816 reimbursement for expenditures pursuant to the plan. The department  
2817 shall, in an uncontested proceeding during which the department may  
2818 hold a public hearing, approve, modify or reject the plan.

2819 (c) (1) The Energy Conservation Management Board [, established  
2820 pursuant to section 16-245m,] shall advise and assist each such gas  
2821 company in the development and implementation of the plan  
2822 submitted under subsection (b) of this section. Each program  
2823 contained in the plan shall be reviewed by each such gas company and  
2824 shall be either accepted, modified or rejected by the Energy  
2825 Conservation Management Board before submission of the plan to the  
2826 department for approval. The Energy Conservation Management  
2827 Board shall, as part of its review, examine opportunities to offer joint  
2828 programs providing similar efficiency measures that save more than  
2829 one fuel resource or to otherwise coordinate programs targeted at  
2830 saving more than one fuel resource. Any costs for joint programs shall  
2831 be allocated equitably among the conservation programs.

2832 (2) Programs included in the plan shall be screened through cost-  
2833 effectiveness testing that compares the value and payback period of  
2834 program benefits to program costs to ensure that the programs are  
2835 designed to obtain gas savings whose value is greater than the costs of  
2836 the program. Program cost-effectiveness shall be reviewed annually by

2837 the department, or otherwise as is practicable. If the department  
2838 determines that a program fails the cost-effectiveness test as part of the  
2839 review process, the program shall either be modified to meet the test  
2840 or be terminated. On or before January 1, 2007, and annually  
2841 thereafter, the board shall provide a report, in accordance with the  
2842 provisions of section 11-4a, to the joint standing committees of the  
2843 General Assembly having cognizance of matters relating to energy and  
2844 the environment, that documents expenditures and funding for such  
2845 programs and evaluates the cost-effectiveness of such programs  
2846 conducted in the preceding year, including any increased cost-  
2847 effectiveness owing to offering programs that save more than one fuel  
2848 resource.

2849 (3) Programs included in the plan may include, but are not limited  
2850 to: (A) Conservation and load management programs, including  
2851 programs that benefit low-income individuals; (B) research,  
2852 development and commercialization of products or processes that are  
2853 more energy-efficient than those generally available; (C) development  
2854 of markets for such products and processes; (D) support for energy use  
2855 assessment, engineering studies and services related to new  
2856 construction or major building renovations; (E) the design,  
2857 manufacture, commercialization and purchase of energy-efficient  
2858 appliances, air conditioning and heating devices; (F) program planning  
2859 and evaluation; (G) joint fuel conservation initiatives and programs  
2860 targeted at saving more than one fuel resource; and (H) public  
2861 education regarding conservation. Such support may be by direct  
2862 funding, manufacturers' rebates, sale price and loan subsidies, leases  
2863 and promotional and educational activities. The plan shall also provide  
2864 for expenditures by the Energy Conservation Management Board for  
2865 the retention of expert consultants and reasonable administrative costs,  
2866 provided such consultants shall not be employed by, or have any  
2867 contractual relationship with, a gas company. Such costs shall not  
2868 exceed five per cent of the total cost of the plan.

2869 [(d) Nothing in this section shall be construed to require the  
2870 Department of Public Utility Control to establish a conservation charge

2871 to support the programs in this section.]

2872 Sec. 61. Section 16a-7c of the general statutes is amended by adding  
2873 subsection (g) as follows (*Effective July 1, 2007*):

2874 (NEW) (g) When evaluating submissions pursuant to subsection (f)  
2875 of this section for a facility described in subdivision (3) of subsection  
2876 (a) of section 16-50i that are in excess of sixty-five megawatts, the  
2877 board shall perform a net energy analysis for each proposal. Such  
2878 analysis shall include calculations of all embodied energy  
2879 requirements used in the materials for initial construction of the  
2880 facility over its projected useful lifetime. The analysis shall be  
2881 expressed in a dimensionless unit as an energy profit ratio of energy  
2882 generated by the facility to the calculated net energy expended in plant  
2883 construction, maintenance and total fuel cycle energy requirements  
2884 over the projected useful lifetime of the facility. The boundary for both  
2885 the net energy calculations of the fuel cycle and materials for the  
2886 facility construction and maintenance shall both be at the point of  
2887 primary material extraction and include the energy consumed through  
2888 the entire supply chain to final, but not be limited to, such subsequent  
2889 steps as transportation, refinement and energy for delivery to the end  
2890 consumer. The results of said net energy analysis shall be included in  
2891 the results forwarded to the Connecticut Siting Council pursuant to  
2892 subsection (f) of this section. For purposes of this subsection, "facility  
2893 net energy" means the heat energy delivered by the facility contained  
2894 in a fuel minus the life cycle energy used to produce the facility. "Fuel  
2895 net energy" means the heat energy contained in a fuel minus the  
2896 energy used to extract the fuel from the environment, refine it to a  
2897 socially useful state and deliver it to consumers, and "embodied  
2898 energy" means the total energy used to build and maintain a process,  
2899 expressed in calorie equivalents of one type of energy.

2900 Sec. 62. Subsection (b) of section 16a-7c of the general statutes is  
2901 repealed and the following is substituted in lieu thereof (*Effective July*  
2902 *1, 2007*):

2903 (b) On or after December 1, 2004, not later than fifteen days after the

2904 filing of an application pursuant to subdivision (1) of subsection (a) of  
2905 section 16-50i, except for an application for a facility described in  
2906 subdivision (5) or (6) of subsection (a) of section 16-50i, the Connecticut  
2907 Energy Advisory Board shall issue a request-for-proposal to seek  
2908 alternative solutions to the need that will be addressed by the  
2909 proposed facility in such application. Such request-for-proposal shall,  
2910 where relevant, solicit proposals that include distributed generation or  
2911 energy efficiency measures. The board shall publish such request-for-  
2912 proposal in one or more newspapers or periodicals, as selected by the  
2913 board. Any facility generating not more than five megawatts shall be  
2914 exempt from the request for proposal process described in this  
2915 subsection. Notwithstanding the provisions of this subsection, the  
2916 board, by a vote of two-thirds of the members present and voting, may  
2917 determine that a request-for-proposal is unnecessary for a specific  
2918 application because the process is not likely to result in a reasonable  
2919 alternative to the proposed facility. On or before December 1, 2007,  
2920 after seeking public comment, the board shall approve additional  
2921 criteria for considering whether a request-for-proposal process should  
2922 not be required for a specific application. Any determination that a  
2923 request-for-proposal is not required shall include the board's reasons  
2924 for such determination.

2925 Sec. 63. Subdivision (2) of subsection (a) of section 16-50l of the  
2926 general statutes is repealed and the following is substituted in lieu  
2927 thereof (*Effective July 1, 2007*):

2928 (2) On or after December 1, 2004, the filing of an application  
2929 pursuant to subdivision (1) of this subsection shall initiate the request-  
2930 for-proposal process, except for an application for a facility described  
2931 in subdivision ~~(4)~~, (5) or (6) of subsection (a) of section 16-50i.

2932 Sec. 64. (*Effective from passage*) Notwithstanding the provisions of  
2933 title 22a of the general statutes, the Department of Environmental  
2934 Protection shall review any permit applications filed on or after July 1,  
2935 2007, and not later than January 1, 2010, that are necessary for the  
2936 installation of distributed resources, as defined in section 16-1 of the

2937 general statutes, as amended by this act, including cogeneration  
2938 systems that utilize fossil fuels as the primary fuel source and issue a  
2939 final decision not later than one hundred twenty days after the  
2940 application has been submitted and has satisfied all administrative  
2941 requirements.

2942 Sec. 65. (NEW) (*Effective from passage*) On or before September 1,  
2943 2007, the Commissioner of Public Utility Control and the  
2944 Commissioner of Environmental Protection shall establish  
2945 coordinating protocols within a memorandum of understanding for air  
2946 emission permit provisions related to operating emergency generation  
2947 dispatch. Not later than February 1, 2008, and upon any modification  
2948 to such memorandum of understanding, said commissioners shall  
2949 report the details of such memorandum of understanding to the joint  
2950 standing committees of the General Assembly having cognizance of  
2951 matters relating to energy and the environment.

2952 Sec. 66. Section 13a-126 of the general statutes is repealed and the  
2953 following is substituted in lieu thereof (*Effective from passage*):

2954 As used in this section, "public service facility" includes all  
2955 privately, publicly or cooperatively owned lines, facilities and systems  
2956 for producing, transmitting or distributing communications, cable  
2957 television, power, electricity, light, heat, gas, oil, crude products,  
2958 water, steam, waste, storm water not connected with highway  
2959 drainage and any other similar commodities, including fire and police  
2960 signal systems and street lighting systems which directly or indirectly  
2961 serve the public. Whenever the commissioner determines that any  
2962 public service facility located within, on, along, over or under any land  
2963 comprising the right-of-way of a state highway or any other public  
2964 highway when necessitated by the construction or reconstruction of a  
2965 state highway shall be readjusted or relocated in or removed from such  
2966 right-of-way, the commissioner shall issue an appropriate order to the  
2967 company, corporation or municipality owning or operating such  
2968 facility, and such company, corporation or municipality shall readjust,  
2969 relocate or remove the same promptly in accordance with such order;

2970 provided an equitable share of the cost of such readjustment,  
2971 relocation or removal, including the cost of installing and constructing  
2972 a facility of equal capacity in a new location, shall be borne by the  
2973 state, except that the state shall not bear any share of the cost of a  
2974 project of an electric distribution company, as defined in section 16-1,  
2975 as amended by this act, to readjust, relocate or remove any facility, as  
2976 defined in subsection (a) of section 16-50i, used for transmitting  
2977 electricity or as an electric transmission trunkline. The Department of  
2978 Transportation shall evaluate the total costs of such a project, including  
2979 department costs for construction or reconstruction and electric  
2980 distribution company costs for readjusting, relocating or removing  
2981 such facility, so as to minimize the overall costs incurred by the state  
2982 and the electric distribution company. The electric distribution  
2983 company may provide the department with proposed alternatives to  
2984 the relocation, readjustment or removal proposed by the department  
2985 and shall be responsible for any changes to project costs attributable to  
2986 adoption of the company's proposed alternative designs for such  
2987 project, including changes to the area of the relocation, readjustment or  
2988 removal and any incremental costs incurred by the department to  
2989 evaluate such alternatives. If such electric distribution company and  
2990 the department cannot agree on a plan for such project, the  
2991 Commissioner of Transportation and the chairperson of the  
2992 Department of Public Utility Control shall, on request of the company,  
2993 jointly determine the alternative for the project. Such equitable share,  
2994 in the case of or in connection with the construction or reconstruction  
2995 of any limited access highway, shall be the entire cost, less the  
2996 deductions provided in this section, and, in the case of or in connection  
2997 with the construction or reconstruction of any other state highway,  
2998 shall be such portion or all of the entire cost, less the deductions  
2999 provided in this section, as may be fair and just under all the  
3000 circumstances, but shall not be less than fifty per cent of such cost after  
3001 the deductions provided in this section. In establishing the equitable  
3002 share of the cost to be borne by the state, there shall be deducted from  
3003 the cost of the readjusted, relocated or removed facilities a sum based  
3004 on a consideration of the value of materials salvaged from existing

3005 installations, the cost of the original installation, the life expectancy of  
3006 the original facility and the unexpired term of such life use. When any  
3007 facility is removed from the right-of-way of a public highway to a  
3008 private right-of-way, the state shall not pay for such private right-of-  
3009 way, provided, when a municipally-owned facility is thus removed  
3010 from a municipally-owned highway, the state shall pay for the private  
3011 right-of-way needed by the municipality for such relocation. If the  
3012 commissioner and the company, corporation or municipality owning  
3013 or operating such facility cannot agree upon the share of the cost to be  
3014 borne by the state, either may apply to the superior court for the  
3015 judicial district within which such highway is situated, or, if said court  
3016 is not in session, to any judge thereof, for a determination of the cost to  
3017 be borne by the state, and said court or such judge, after causing notice  
3018 of the pendency of such application to be given to the other party, shall  
3019 appoint a state referee to make such determination. Such referee,  
3020 having given at least ten days' notice to the parties interested of the  
3021 time and place of the hearing, shall hear both parties, shall view such  
3022 highway, shall take such testimony as such referee deems material and  
3023 shall thereupon determine the amount of the cost to be borne by the  
3024 state and immediately report to the court. If the report is accepted by  
3025 the court, such determination shall, subject to right of appeal as in civil  
3026 actions, be conclusive upon both parties.

3027       Sec. 67. (NEW) (*Effective July 1, 2007*) Notwithstanding any  
3028 limitation imposed by its charter, each domestic electric company is  
3029 authorized and empowered to generate and transmit electric energy,  
3030 and to acquire utility facilities necessary or convenient for the  
3031 purposes of its electric utility business or undivided interest therein  
3032 and to operate the same, anywhere within or without this state,  
3033 provided nothing in this section shall be construed to authorize such a  
3034 company to sell electric energy in this state to any person, or any area,  
3035 except as otherwise authorized by its charter or the general statutes.  
3036 For purposes of this section, "domestic electric company" means an  
3037 electric company or electric distribution company, as defined in section  
3038 16-1 of the general statutes, as amended by this act, any membership  
3039 electric cooperative organized under chapter 597 of the general statutes

3040 and any municipal electric utility or municipal electric energy  
3041 cooperative, as defined respectively in section 7-233b of the general  
3042 statutes that has been chartered by or organized or constitute within or  
3043 under the laws of this state.

3044 Sec. 68. Subsection (e) of section 16-2 of the general statutes is  
3045 repealed and the following is substituted in lieu thereof (*Effective*  
3046 *October 1, 2007*):

3047 (e) To insure the highest standard of public utility regulation, on  
3048 and after July 1, 1997, at least three of the commissioners of the  
3049 authority shall have education or training and three or more years of  
3050 experience in one or more of the following fields: Economics,  
3051 engineering, law, accounting, finance, utility regulation, public or  
3052 government administration, consumer advocacy, business  
3053 management, and environmental management. On and after July 1,  
3054 1997, at least three of these fields shall be represented on the authority  
3055 by individual commissioners at all times. Any time a commissioner is  
3056 newly appointed, at least one of the commissioners shall have  
3057 experience in utility customer advocacy.

3058 Sec. 69. (*Effective July 1, 2007*) Not later than January 1, 2008, the  
3059 Connecticut Energy Advisory Board shall conduct a study to develop  
3060 recommendations on how to (1) coordinate and integrate the state's  
3061 energy entities; (2) achieve the goals of (A) the Regional Greenhouse  
3062 Gas Initiative, and (B) the state, with regard to the reduction of  
3063 emissions of greenhouse gas, as provided by section 22a-200a of the  
3064 general statutes; and (3) promote indigenous alternative fuel resources.  
3065 The board shall submit a report containing its recommendations,  
3066 including recommendations for legislation, to the joint standing  
3067 committee of the General Assembly having cognizance of matters  
3068 relating to energy and technology not later than January 1, 2009.

3069 Sec. 70. (*Effective from passage*) (a) Not later than July 1, 2007, the  
3070 Connecticut Energy Advisory Board shall conduct a study on the  
3071 efficacy, innovativeness and customer focus on electric conservation  
3072 programs. The board shall hold a public hearing on such matters. In

3073 the study, the board shall investigate the options of (1) selecting a  
3074 state-wide provider of conservation programs through a competitive  
3075 process, which shall be open to electric distribution companies, the  
3076 Connecticut Municipal Electrical Energy Cooperative and other  
3077 entities; (2) retaining the current delivery system for conservation  
3078 programs; and (3) having a nonprofit organization provide the  
3079 conservation programs.

3080 (b) Not later than October 1, 2007, the Connecticut Energy Advisory  
3081 Board shall conduct a study of the effectiveness of the Renewable  
3082 Energy Investment Fund. The board shall hold a public hearing on  
3083 such matters. Such study shall include, but not be limited to, (1) the  
3084 selection of clean energy production projects and rates of success, (2)  
3085 the actual megawatts of renewable power in operation in this state  
3086 funded by Renewable Energy Investment Fund programs, (3) the  
3087 efficacy of Renewable Energy Investment Fund technology  
3088 commercialization plans and strategies, (4) the cost and cost trends of  
3089 procuring clean energy options, and (5) overall program cost-  
3090 effectiveness.

3091 (c) The board shall submit a report containing its findings to the  
3092 joint standing committee of the General Assembly having cognizance  
3093 of matters relating to energy and technology not later than February 1,  
3094 2008.

3095 Sec. 71. (*Effective October 1, 2007*) Not later than January 1, 2009, the  
3096 Department of Public Utility Control shall study (A) the efficacy and  
3097 rate impact of last resort service provided pursuant to subsection (e) of  
3098 section 16-244c of the general statutes, as amended by this act,  
3099 including, but not limited to, the service's effect on the ability of this  
3100 service to meet the needs of commercial and industrial customers and  
3101 the development of a competitive electric supply marketplace with  
3102 competitive suppliers and products, and (B) the efficacy and rate  
3103 impact of standard service pursuant to subsection (c) of section 16-244c  
3104 of the general statutes, as amended by this act, including, but not  
3105 limited to, the service's success in meeting performance with respect to

3106 the standards set forth in section 53 of this act.

3107       Sec. 72. (*Effective from passage*) Not later than September 1, 2007, the  
3108 Department of Public Utility Control shall conduct a contested case  
3109 proceeding to determine how and whether to bid competitively for the  
3110 aggregation and procurement of contracts for the customers receiving  
3111 standard service pursuant to section 16-244c of the general statutes, as  
3112 amended by this act. The department's decision shall be based on the  
3113 standards set forth in section 55 of this act.

3114       Sec. 73. (NEW) (*Effective July 1, 2007*) (a) For purposes of this section,  
3115 "fuel oil" means the product designated by the American Society for  
3116 Testing and Materials as "Specifications for Heating Oil D396-69",  
3117 commonly known as number 2 heating oil, and grade number 4, grade  
3118 number 5 and grade number 6 fuel oil, provided such heating and fuel  
3119 oil are used for purposes other than the generation of power to propel  
3120 motor vehicles or for the generation of electricity.

3121       (b) On or before November 1, 2007, the Fuel Oil Conservation Board  
3122 shall, after issuing a request for proposals, select an entity qualified to  
3123 administer and implement conservation and energy efficiency  
3124 programs for fuel oil customers, as described in this section, to act as  
3125 the program administrator for such programs and shall enter into a  
3126 contract not to exceed three years in duration for such purpose. At the  
3127 expiration of the contract, the board may renew the contract if it finds  
3128 that the administrator's performance has been satisfactory, or the  
3129 board may issue a new request for proposals.

3130       (c) On or before March 1, 2008, and annually thereafter, the program  
3131 administrator shall submit to the Energy Conservation Management  
3132 Board a fuel oil conservation plan in accordance with the provisions of  
3133 this section for the balance of 2008. On or before October 1, 2008, and  
3134 annually thereafter, the program administrator shall submit to the Fuel  
3135 Oil Conservation Board a fuel oil conservation plan for the next  
3136 calendar year in accordance with the provisions of this section. The  
3137 board shall hold a public hearing on each such plan.

3138 (d) (1) The Fuel Oil Conservation Board shall advise and assist the  
3139 program administrator in the development and implementation of a  
3140 comprehensive plan, which shall be approved by the board, that  
3141 implements cost-effective fuel oil energy conservation programs and  
3142 market transformation initiatives for residential, commercial and  
3143 industrial fuel oil customers. The board shall, as part of its review,  
3144 examine opportunities to offer joint programs providing similar  
3145 efficiency measures that save more than one fuel resource or to  
3146 otherwise coordinate programs targeted at saving more than one fuel  
3147 resource.

3148 (2) Program cost-effectiveness shall be reviewed annually by the  
3149 Fuel Oil Conservation Board, or otherwise as practicable. Programs  
3150 included in the plan shall be evaluated as to cost-effectiveness by  
3151 comparing the value and payback period of the program benefits to  
3152 the program costs to ensure that the programs are designed to obtain  
3153 fuel oil savings, the value of which are greater than the costs of the  
3154 program. If the board determines that a program fails such cost-  
3155 effectiveness test, the board shall modify the program to meet the test  
3156 or terminate the program. On or before February 1, 2009, and annually  
3157 thereafter, the Fuel Oil Conservation Board shall provide a report to  
3158 the joint standing committees of the General Assembly having  
3159 cognizance of matters relating to energy and the environment, in  
3160 accordance with the provisions of section 11-4a of the general statutes,  
3161 that documents expenditures and fund balances and evaluates the  
3162 cost-effectiveness of such programs conducted in the preceding year,  
3163 including any increased cost-effectiveness due to offering programs  
3164 that save more than one fuel resource.

3165 (3) Programs included in the plan may include, but not be limited  
3166 to: (A) Conservation programs, including programs that benefit low-  
3167 income persons; (B) research, development and commercialization of  
3168 products or processes that are more energy-efficient than those  
3169 generally available; (C) development of markets for such products and  
3170 processes; (D) support for energy use assessment, engineering studies  
3171 and services related to new construction or major building

3172 renovations; (E) the design, manufacture, commercialization and  
3173 purchase of energy-efficient appliances and heating devices; (F)  
3174 program planning and evaluation; (G) joint fuel conservation  
3175 initiatives and programs targeted at saving more than one fuel  
3176 resource; and (H) public education regarding conservation. Such  
3177 support may be by direct funding, manufacturers' rebates, sale price  
3178 and loan subsidies, leases and promotional and educational activities.  
3179 The plan shall also provide for expenditures by the Fuel Oil  
3180 Conservation Board for the retention of expert consultants and  
3181 reasonable administrative costs, provided such consultants shall not be  
3182 employed by, or have any contractual relationship with, a fuel oil  
3183 company or the program administrator. Such costs shall not exceed  
3184 five per cent of the total cost of the plan.

3185 (e) (1) There is established a Fuel Oil Conservation Board consisting  
3186 of fifteen members, including:

3187 (A) One member representing dealers with retail oil heat sales in  
3188 excess of fifteen million gallons in the state, appointed by the president  
3189 pro tempore of the Senate;

3190 (B) One member representing dealers with retail oil heat sales of less  
3191 than fifteen million gallons in the state, appointed by the speaker of the  
3192 House of Representatives;

3193 (C) One member representing the heating, ventilation and air-  
3194 conditioning trades licensed under chapter 393 of the general statutes,  
3195 appointed by the majority leader of the Senate;

3196 (D) One member representing wholesale heating distributors  
3197 operating within the state, appointed by the majority leader of the  
3198 House of Representatives;

3199 (E) One member representing a state-wide environmental advocacy  
3200 group, appointed by the minority leader of the Senate;

3201 (F) The chairperson of the Heating, Piping, Cooling and Sheet Metal  
3202 Work Board established under chapter 393 of the general statutes;

3203 (G) One member from a state-wide retail oil dealer trade  
3204 association, appointed by the minority leader of the House of  
3205 Representatives;

3206 (H) Six members of the public appointed by the Governor, of which  
3207 one shall be a representative of an environmental organization  
3208 knowledgeable in energy efficiency programs, one shall be a  
3209 representative of in-state generators, one shall be a representative of a  
3210 consumer advocacy organization, one shall be a representative of the  
3211 business community, one shall be a representative of low-income  
3212 ratepayers and one shall be a representative of state residents, in  
3213 general, and all of whom shall have expertise in energy issues, and

3214 (I) All appointed members of the board shall serve in accordance  
3215 with section 4-1a of the general statutes.

3216 (2) The Fuel Oil Conservation Board shall establish itself as a tax  
3217 exempt organization in accordance with the provisions of Section  
3218 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent  
3219 corresponding internal revenue code of the United States, as from time  
3220 to time amended. Not later than July 1, 2008, and biennially thereafter,  
3221 a third party selected by the Attorney General shall audit the activities  
3222 of the board. The results of such audit shall be submitted in a report to  
3223 the joint standing committees of the General Assembly having  
3224 cognizance of matters relating to energy and the environment, in  
3225 accordance with the provisions of section 11-4a of the general statutes.

3226 (3) The Fuel Oil Conservation Board shall establish a fuel oil  
3227 conservation account. The account shall be a separate, nonlapsing  
3228 account within the General Fund and shall contain any funds required  
3229 by law to be deposited in said fund.

3230 (4) The Fuel Oil Conservation Board shall authorize specific  
3231 amounts from the fuel oil conservation account established pursuant to  
3232 subdivision (3) of this subsection to the program administrator  
3233 selected to implement an approved plan under this section. Such  
3234 amounts shall be in the form of grants, which the board shall award

3235 twice a year. Any moneys left in the account at the end of each fiscal  
3236 year shall be transferred outright to the General Fund.

3237 Sec. 74. Subsection (j) of section 16-19b of the general statutes is  
3238 repealed and the following is substituted in lieu thereof (*Effective July*  
3239 *1, 2007*):

3240 (j) Any purchased gas adjustment clause or energy adjustment  
3241 clause approved by the department may include a provision designed  
3242 to allow the electric or gas company to charge or reimburse the  
3243 customer for any under-recovery or over-recovery of overhead and  
3244 fixed costs due solely to the deviation of actual retail sales of electricity  
3245 or gas from projected retail sales of electricity or gas. The provision  
3246 may be based on changes to either total retail sales or per customer  
3247 retail sales. That specifically and directly result from new or ongoing  
3248 energy efficiency, conservation, demand response or load management  
3249 initiatives implemented by the company. The department shall include  
3250 such provision in any energy adjustment clause approved for an  
3251 electric company if it determines (1) that a significant cause of excess  
3252 earnings by the electric company is an increase in actual retail sales of  
3253 electricity over projected retail sales of electricity as determined at the  
3254 time of the electric company's most recent rate amendment, and (2)  
3255 that such provision is likely to benefit the customers of the electric  
3256 company. The department may include such provision in any  
3257 purchased gas adjustment clause or energy adjustment clause  
3258 approved for a gas company or an electric company on or after the  
3259 issuance of a final decision in a proceeding on amendments to rate  
3260 schedules for such company.

3261 Sec. 75. Subsection (a) of section 16-50k of the general statutes is  
3262 repealed and the following is substituted in lieu thereof (*Effective*  
3263 *October 1, 2007*):

3264 (a) Except as provided in subsection (b) of section 16-50z, no person  
3265 shall exercise any right of eminent domain in contemplation of,  
3266 commence the preparation of the site for, [or] commence the  
3267 construction or supplying of a facility, or commence any modification

3268 of a facility, that may, as determined by the council, have a substantial  
3269 adverse environmental effect in the state without having first obtained  
3270 a certificate of environmental compatibility and public need,  
3271 hereinafter referred to as a "certificate", issued with respect to such  
3272 facility or modification by the council. [, except] Certificates shall not  
3273 be required for (1) fuel cells built within the state with a generating  
3274 capacity of two hundred fifty kilowatts or less, or (2) fuel cells built  
3275 elsewhere with a generating capacity of ten kilowatts or less. [which  
3276 shall not require such certificate.] Any facility with respect to which a  
3277 certificate is required shall thereafter be built, maintained and operated  
3278 in conformity with such certificate and any terms, limitations or  
3279 conditions contained therein. Notwithstanding the provisions of this  
3280 chapter or title 16a, the council shall, in the exercise of its jurisdiction  
3281 over the siting of generating facilities, approve by declaratory ruling  
3282 [(1)] (A) the construction of a facility solely for the purpose of  
3283 generating electricity, other than an electric generating facility that  
3284 uses nuclear materials or coal as fuel, at a site where an electric  
3285 generating facility operated prior to July 1, 2004, [(2)] (B) the  
3286 construction or location of any fuel cell, unless the council finds a  
3287 substantial adverse environmental effect, or of any customer-side  
3288 distributed resources project or facility or grid-side distributed  
3289 resources project or facility with a capacity of not more than sixty-five  
3290 megawatts, as long as such project meets air and water quality  
3291 standards of the Department of Environmental Protection, and [(3)] (C)  
3292 the siting of temporary generation solicited by the Department of  
3293 Public Utility Control pursuant to section 16-19ss, as amended by this  
3294 act.

3295 Sec. 76. Subdivision (6) of subsection (a) of section 16-244e of the  
3296 general statutes is repealed and the following is substituted in lieu  
3297 thereof (*Effective July 1, 2007*):

3298 (6) Once unbundling is completed to the satisfaction of the  
3299 department and consistent with the provisions of section 16-244, (A)  
3300 any corporate affiliate or separate division that provides electric  
3301 generation services as a result of unbundling pursuant to this

3302 subsection shall be considered a generation entity or affiliate of the  
3303 electric company, and the division or corporate affiliate of the electric  
3304 company that provides transmission and distribution services shall be  
3305 considered an electric distribution company, and (B) an electric  
3306 distribution company shall not own or operate generation assets,  
3307 except as provided in this section, [and] section 16-243m, as amended  
3308 by this act, and sections 54 and 59 of this act.

3309 Sec. 77. Subsection (d) of section 16-19ss of the general statutes is  
3310 repealed and the following is substituted in lieu thereof (*Effective July*  
3311 *1, 2007*):

3312 (d) Nothing in this section shall be construed to allow an electric  
3313 distribution company to own, operate, lease or control any facility or  
3314 asset that generates electricity, or retain any interest in such facility or  
3315 asset as part of any transaction concluded pursuant to this section,  
3316 except as provided in subsection (e) of section 16-244e [and] section 16-  
3317 243m, as amended by this act, and sections 54, 58 and 59 of this act.

3318 Sec. 78. Section 1 of public act 05-2 of the October 25 special session  
3319 is repealed and the following is substituted in lieu thereof (*Effective July*  
3320 *1, 2007*):

3321 Notwithstanding the provisions of sections 4-28b and 16a-41a of the  
3322 general statutes, the Commissioner of Social Services shall [amend the  
3323 adopted] adopt a low income home energy assistance program block  
3324 grant allocation plan for the [purpose of modifying the 2005/2006]  
3325 2007/2008 Connecticut energy assistance program state plan in the  
3326 following manner: (1) To increase the basic benefit provided to all  
3327 eligible households, including eligible households whose heat is  
3328 included in their rent, over the benefit provided for the 2005/2006  
3329 plan, prior to the amendment of said plan, by two hundred dollars, (2)  
3330 to fund, for the fiscal year ending June 30, 2008, the contingency  
3331 heating assistance program under the Connecticut energy assistance  
3332 program to provide a three hundred dollar basic benefit to eligible  
3333 households, as defined in the Connecticut energy assistance program  
3334 state plan, whose gross annual income is not more than sixty per cent

3335 of the median state income by household size, and an additional two  
3336 hundred dollar crisis assistance benefit for such households who have  
3337 exhausted their basic benefit and are unable to secure primary heat,  
3338 causing a life threatening situation, (3) to increase the number of  
3339 households weatherized pursuant to the Connecticut energy assistance  
3340 program, and (4) to increase the number of households receiving home  
3341 heating equipment tune-ups and home energy efficiency measures  
3342 pursuant to the home energy assistance and reimbursements for tune-  
3343 ups on heating equipment grant program as administered pursuant to  
3344 subsection (c) of section 2 of [this act] public act 05-2 of the October 25  
3345 special session, as amended by section 1 of public act 05-4 of the  
3346 October 25 special session.

3347 Sec. 79. Section 16a-41a of the general statutes is repealed and the  
3348 following is substituted in lieu thereof (*Effective July 1, 2007*):

3349 (a) The Commissioner of Social Services shall submit to the joint  
3350 standing committees of the General Assembly having cognizance of  
3351 energy planning and activities, appropriations, and human services the  
3352 following on the implementation of the block grant program  
3353 authorized under the Low-Income Home Energy Assistance Act of  
3354 1981, as amended:

3355 (1) Not later than August first, annually, a Connecticut energy  
3356 assistance program annual plan which establishes guidelines for the  
3357 use of funds authorized under the Low-Income Home Energy  
3358 Assistance Act of 1981, as amended, and includes the following:

3359 (A) Criteria for determining which households are to receive  
3360 emergency and weatherization assistance;

3361 (B) A description of systems used to ensure referrals to other energy  
3362 assistance programs and the taking of simultaneous applications, as  
3363 required under section 16a-41;

3364 (C) A description of outreach efforts;

3365 (D) Estimates of the total number of households eligible for

3366 assistance under the program and the number of households in which  
3367 one or more elderly or physically disabled individuals eligible for  
3368 assistance reside; and

3369 (E) Design of a basic grant for eligible households that does not  
3370 discriminate against such households based on the type of energy used  
3371 for heating;

3372 (2) Not later than January thirtieth, annually, a report covering the  
3373 preceding months of the program year, including:

3374 (A) In each community action agency geographic area and  
3375 Department of Social Services region, the number of fuel assistance  
3376 applications filed, approved and denied, the number of emergency  
3377 assistance requests made, approved and denied and the number of  
3378 households provided weatherization assistance;

3379 (B) In each such area and district, the total amount of fuel,  
3380 emergency and weatherization assistance, itemized by such type of  
3381 assistance, and total expenditures to date; and

3382 (C) For each state-wide office of each state agency administering the  
3383 program, each community action agency and each Department of  
3384 Social Services region, administrative expenses under the program, by  
3385 line item, and an estimate of outreach expenditures; and

3386 (3) Not later than November first, annually, a report covering the  
3387 preceding twelve calendar months, including:

3388 (A) In each community action agency geographic area and  
3389 Department of Social Services region, (i) seasonal totals for the  
3390 categories of data submitted under subdivision (1) of this subsection,  
3391 (ii) the number of households receiving fuel assistance in which elderly  
3392 or physically disabled individuals reside, and (iii) the average  
3393 combined benefit level of fuel, emergency and renter assistance;

3394 (B) Types of weatherization assistance provided;

- 3395 (C) Percentage of weatherization assistance provided to tenants;
- 3396 (D) The number of homeowners and tenants whose heat or total  
3397 energy costs are not included in their rent receiving fuel and  
3398 emergency assistance under the program by benefit level;
- 3399 (E) The number of homeowners and tenants whose heat is included  
3400 in their rent and who are receiving assistance, by benefit level; and
- 3401 (F) The number of households receiving assistance, by energy type  
3402 and total expenditures for each energy type.
- 3403 (b) The Commissioner of Social Services shall implement a program  
3404 to purchase [number two home heating oil at a reduced rate for low-  
3405 income households participating in the Connecticut energy assistance  
3406 program and the state-appropriated fuel assistance program. Each  
3407 agency administering a fuel assistance program shall submit reports,  
3408 as requested by the commissioner, concerning pricing information  
3409 from vendors of number two home heating oil participating in the  
3410 program. Such information shall include, but not be limited to, a  
3411 vendor's regular retail price per gallon of number two home heating  
3412 oil, the reduced price per gallon paid by the state for the heating oil,  
3413 the number of gallons delivered to the state under the program and the  
3414 total savings under the program due to the purchase of number two  
3415 home heating oil at a reduced rate] deliverable fuel for low-income  
3416 households participating in the Connecticut energy assistance program  
3417 and the state-appropriated fuel assistance program. The commissioner  
3418 shall ensure that all fuel assistance recipients are treated the same as  
3419 any other similarly situated customer and that no fuel vendor  
3420 discriminates against fuel assistance program recipients who are under  
3421 the vendor's standard payment, delivery, service or other similar  
3422 plans. The commissioner shall take advantage of programs offered by  
3423 fuel vendors that reduce the cost of the fuel purchased, including, but  
3424 not limited to, fixed price, capped price, prepurchase or summer-fill  
3425 programs that reduce program cost and that make the maximum use  
3426 of program revenues. The commissioner shall ensure that all agencies  
3427 administering the fuel assistance program shall make payments to

3428 program fuel vendors in advance of the delivery of energy where  
3429 vendor provided price-management strategies require payments in  
3430 advance.

3431 (c) Each community action agency administering a fuel assistance  
3432 program shall submit reports, as requested by the Commissioner of  
3433 Social Services, concerning pricing information from vendors of  
3434 deliverable fuel participating in the program. Such information shall  
3435 include, but not be limited to, the state-wide or regional retail price per  
3436 unit of deliverable fuel, the reduced price per unit paid by the state for  
3437 the deliverable fuel in utilizing price management strategies offered by  
3438 program vendors for all consumers, the number of units delivered to  
3439 the state under the program and the total savings under the program  
3440 due to the purchase of deliverable fuel utilizing price-management  
3441 strategies offered by program vendors for all consumers.

3442 (d) Each community action agency administering a fuel assistance  
3443 program shall begin accepting applications for the program not later  
3444 than September first of each year.

3445 Sec. 80. Section 16-262c of the general statutes is repealed and the  
3446 following is substituted in lieu thereof (*Effective October 1, 2007*):

3447 (a) Notwithstanding any other provision of the general statutes no  
3448 electric, electric distribution, gas, telephone or water company, no  
3449 electric supplier or certified telecommunications provider, and no  
3450 municipal utility furnishing electric, gas, telephone or water service  
3451 shall cause cessation of any such service by reason of delinquency in  
3452 payment for such service (1) on any Friday, Saturday, Sunday, legal  
3453 holiday or day before any legal holiday, provided such a company,  
3454 electric supplier, certified telecommunications provider or municipal  
3455 utility may cause cessation of such service to a nonresidential account  
3456 on a Friday which is not a legal holiday or the day before a legal  
3457 holiday when the business offices of the company, electric supplier,  
3458 certified telecommunications provider or municipal utility are open to  
3459 the public the succeeding Saturday, (2) at any time during which the  
3460 business offices of said company, electric supplier, certified

3461 telecommunications provider or municipal utility are not open to the  
3462 public, or (3) within one hour before the closing of the business offices  
3463 of said company, electric supplier or municipal utility.

3464 (b) (1) From November first to [April fifteenth] May first, inclusive,  
3465 no electric or electric distribution company, as defined in section 16-1,  
3466 as amended by this act, no electric supplier and no municipal utility  
3467 furnishing electricity shall terminate or refuse to reinstate residential  
3468 electric service in hardship cases where the customer lacks the  
3469 financial resources to pay his or her entire account. From November  
3470 first to [April fifteenth] May first, inclusive, no gas company and no  
3471 municipal utility furnishing gas shall terminate or refuse to reinstate  
3472 residential gas service in hardship cases where the customer uses such  
3473 gas for heat and lacks the financial resources to pay his or her entire  
3474 account, except a gas company that, between [April sixteenth] May  
3475 second and October thirty-first, terminated gas service to a residential  
3476 customer who uses gas for heat and who, during the previous period  
3477 of November first to [April fifteenth] May first, had gas service  
3478 maintained because of hardship status, may refuse to reinstate the gas  
3479 service from November first to [April fifteenth] May first, inclusive,  
3480 only if the customer has failed to pay, since the preceding November  
3481 first, the lesser of: (A) Twenty per cent of the outstanding principal  
3482 balance owed the gas company as of the date of termination, (B) one  
3483 hundred dollars, or (C) the minimum payments due under the  
3484 customer's amortization agreement. Notwithstanding any other  
3485 provision of the general statutes to the contrary, no electric, electric  
3486 distribution or gas company, no electric supplier and no municipal  
3487 utility furnishing electricity or gas shall terminate or refuse to reinstate  
3488 residential electric or gas service where the customer lacks the financial  
3489 resources to pay his or her entire account and for which customer or a  
3490 member of the customer's household the termination or failure to  
3491 reinstate such service would create a life-threatening situation.

3492 (2) During any period in which a residential customer is subject to  
3493 termination, an electric, electric distribution or gas company, an  
3494 electric supplier or a municipal utility furnishing electricity or gas shall

3495 provide such residential customer whose account is delinquent an  
3496 opportunity to enter into a reasonable amortization agreement with  
3497 such company, electric supplier or utility to pay such delinquent  
3498 account and to avoid termination of service. Such amortization  
3499 agreement shall allow such customer adequate opportunity to apply  
3500 for and receive the benefits of any available energy assistance  
3501 program. An amortization agreement shall be subject to amendment  
3502 on customer request if there is a change in the customer's financial  
3503 circumstances.

3504 (3) As used in this section, (A) "household income" means the  
3505 combined income over a twelve-month period of the customer and all  
3506 adults, except children of the customer, who are and have been  
3507 members of the household for six months or more, and (B) "hardship  
3508 case" includes, but is not limited to: (i) A customer receiving local, state  
3509 or federal public assistance; (ii) a customer whose sole source of  
3510 financial support is Social Security, Veterans' Administration or  
3511 unemployment compensation benefits; (iii) a customer who is head of  
3512 the household and is unemployed, and the household income is less  
3513 than three hundred per cent of the poverty level determined by the  
3514 federal government; (iv) a customer who is seriously ill or who has a  
3515 household member who is seriously ill; (v) a customer whose income  
3516 falls below one hundred twenty-five per cent of the poverty level  
3517 determined by the federal government; and (vi) a customer whose  
3518 circumstances threaten a deprivation of food and the necessities of life  
3519 for himself or dependent children if payment of a delinquent bill is  
3520 required.

3521 (4) In order for a residential customer of a gas or electric distribution  
3522 company using gas or electricity for heat to be eligible to have any  
3523 moneys due and owing deducted from the customer's delinquent  
3524 account pursuant to this subdivision, the company furnishing gas or  
3525 electricity shall require that the customer (A) apply and be eligible for  
3526 benefits available under the Connecticut energy assistance program or  
3527 state appropriated fuel assistance program; (B) authorize the company  
3528 to send a copy of the customer's monthly bill directly to any energy

3529 assistance agency for payment; (C) enter into and comply with an  
3530 amortization agreement, which agreement is consistent with decisions  
3531 and policies of the Department of Public Utility Control. Such an  
3532 amortization agreement shall reduce a customer's payment by the  
3533 amount of the benefits reasonably anticipated from the Connecticut  
3534 energy assistance program, state appropriated fuel assistance program  
3535 or other energy assistance sources. Unless the customer requests  
3536 otherwise, the company shall budget a customer's payments over a  
3537 twelve-month period with an affordable increment to be applied to  
3538 any arrearage, provided such payment plan will not result in loss of  
3539 any energy assistance benefits to the customer. If a customer  
3540 authorizes the company to send a copy of his monthly bill directly to  
3541 any energy assistance agency for payment, the energy assistance  
3542 agency shall make payments directly to the company. If, on April  
3543 thirtieth, a customer has been in compliance with the requirements of  
3544 subparagraphs (A) to (C), inclusive, of this subdivision, during the  
3545 period starting on the preceding November first, or from such time as  
3546 the customer's account becomes delinquent, the company shall deduct  
3547 from such customer's delinquent account an additional amount equal  
3548 to the amount of money paid by the customer between the preceding  
3549 November first and April thirtieth and paid on behalf of the customer  
3550 through the Connecticut energy assistance program and state  
3551 appropriated fuel assistance program. Any customer in compliance  
3552 with the requirements of subparagraphs (A) to (C), inclusive, of this  
3553 subdivision, on April thirtieth who continues to comply with an  
3554 amortization agreement through the succeeding October thirty-first,  
3555 shall also have an amount equal to the amount paid pursuant to such  
3556 agreement and any amount paid on behalf of such customer between  
3557 May first and the succeeding October thirty-first deducted from the  
3558 customer's delinquent account. In no event shall the deduction of any  
3559 amounts pursuant to this subdivision result in a credit balance to the  
3560 customer's account. No customer shall be denied the benefits of this  
3561 subdivision due to an error by the company. The Department of Public  
3562 Utility Control shall allow the amounts deducted from the customer's  
3563 account pursuant to the implementation plan, described in subdivision

3564 (5) of this subsection, to be recovered by the company in its rates as an  
3565 operating expense, pursuant to said implementation plan. If the  
3566 customer fails to comply with the terms of the amortization agreement  
3567 or any decision of the department rendered in lieu of such agreement  
3568 and the requirements of subparagraphs (A) to (C), inclusive, of this  
3569 subdivision, the company may terminate service to the customer,  
3570 pursuant to all applicable regulations, provided such termination shall  
3571 not occur between November first and April fifteenth.

3572 (5) Each gas and electric distribution company shall submit to the  
3573 Department of Public Utility Control annually, on or before July first,  
3574 an implementation plan which shall include information concerning  
3575 amortization agreements, counseling, reinstatement of eligibility, rate  
3576 impacts and any other information deemed relevant by the  
3577 department. The Department of Public Utility Control may, in  
3578 consultation with the Office of Policy and Management, approve or  
3579 modify such plan within ninety days of receipt of the plan. If the  
3580 department does not take any action on such plan within ninety days  
3581 of its receipt, the plan shall automatically take effect at the end of the  
3582 ninety-day period, provided the department may extend such period  
3583 for an additional thirty days by notifying the company before the end  
3584 of the ninety-day period. Any amount recovered by a company in its  
3585 rates pursuant to this subsection shall not include any amount  
3586 approved by the Department of Public Utility Control as an  
3587 uncollectible expense. The department may deny all or part of the  
3588 recovery required by this subsection if it determines that the company  
3589 seeking recovery has been imprudent, inefficient or acting in violation  
3590 of statutes or regulations regarding amortization agreements.

3591 (6) On or after January 1, 1993, the Department of Public Utility  
3592 Control may require gas companies to expand the provisions of  
3593 subdivisions (4) and (5) of this subsection to all hardship customers.  
3594 Any such requirement shall not be effective until November 1, 1993.

3595 (7) (A) All electric, electric distribution and gas companies, electric  
3596 suppliers and municipal utilities furnishing electricity or gas shall

3597 collaborate in developing, subject to approval by the Department of  
3598 Public Utility Control, standard provisions for the notice of  
3599 delinquency and impending termination under subsection (a) of  
3600 section 16-262d. Each such company and utility shall place on the front  
3601 of such notice a provision that the company, electric supplier or utility  
3602 shall not effect termination of service to a residential dwelling for  
3603 nonpayment of disputed bills during the pendency of any complaint.  
3604 In addition, the notice shall state that the customer must pay current  
3605 and undisputed bill amounts during the pendency of the complaint.  
3606 (B) At the beginning of any discussion with a customer concerning a  
3607 reasonable amortization agreement, any such company or utility shall  
3608 inform the customer (i) of the availability of a process for resolving  
3609 disputes over what constitutes a reasonable amortization agreement,  
3610 (ii) that the company, electric supplier or utility will refer such a  
3611 dispute to one of its review officers as the first step in attempting to  
3612 resolve the dispute, and (iii) that the company, electric supplier or  
3613 utility shall not effect termination of service to a residential dwelling  
3614 for nonpayment of a delinquent account during the pendency of any  
3615 complaint, investigation, hearing or appeal initiated by the customer,  
3616 unless the customer fails to pay undisputed bills, or undisputed  
3617 portions of bills, for service received during such period. (C) Each such  
3618 company, electric supplier and utility shall inform and counsel all  
3619 customers who are hardship cases as to the availability of all public  
3620 and private energy conservation programs, including programs  
3621 sponsored or subsidized by such companies and utilities, eligibility  
3622 criteria, where to apply, and the circumstances under which such  
3623 programs are available without cost.

3624 (8) The Department of Public Utility Control shall adopt regulations  
3625 in accordance with chapter 54 to carry out the provisions of this  
3626 subsection. Such regulations shall include, but not be limited to,  
3627 criteria for determining hardship cases and for reasonable  
3628 amortization agreements, including appeal of such agreements, for  
3629 categories of customers. Such regulations may include the  
3630 establishment of a reasonable rate of interest which a company may  
3631 charge on the unpaid balance of a customer's delinquent bill and a

3632 description of the relationship and responsibilities of electric suppliers  
3633 to customers.

3634 (c) Each electric, electric distribution and gas company, electric  
3635 supplier and municipal utility shall, not later than December first,  
3636 annually, submit a report to the department and the General Assembly  
3637 indicating (1) the number of customers in each of the following  
3638 categories and the total delinquent balances for such customers as of  
3639 the preceding April fifteenth: (A) Customers who are hardship cases  
3640 and (i) who made arrangements for reasonable amortization  
3641 agreements, (ii) who did not make such arrangements, and (B)  
3642 customers who are nonhardship cases and who made arrangements  
3643 for reasonable amortization, (2) (A) the number of heating customers  
3644 receiving energy assistance during the preceding heating season and  
3645 the total amount of such assistance, and (B) the total balance of the  
3646 accounts of such customers after all energy assistance is applied to the  
3647 accounts, (3) the number of hardship cases reinstated between  
3648 November first of the preceding year and [April fifteenth] May first of  
3649 the same year, the number of hardship cases terminated between  
3650 [April fifteenth] May first of the same year and November first and the  
3651 number of hardship cases reinstated during each month from [April]  
3652 May to November, inclusive, of the same year, (4) the number of  
3653 reasonable amortization agreements executed and the number  
3654 breached during the same year by (A) hardship cases, and (B)  
3655 nonhardship cases, and (5) the number of accounts of (A) hardship  
3656 cases, and (B) nonhardship cases for which part or all of the  
3657 outstanding balance is written off as uncollectible during the  
3658 preceding year and the total amount of such uncollectibles.

3659 (d) Nothing in this section shall (1) prohibit a public service  
3660 company, electric supplier or municipal utility from terminating  
3661 residential utility service upon request of the customer or in  
3662 accordance with section 16-262d upon default by the customer on an  
3663 amortization agreement or collecting delinquent accounts through  
3664 legal processes, including the processes authorized by section 16-262f,  
3665 or (2) relieve such company, electric supplier or municipal utility of its

3666 responsibilities set forth in sections 16-262d and 16-262e to occupants  
3667 of residential dwellings or, with respect to a public service company or  
3668 electric supplier, the responsibilities set forth in section 19a-109.

3669 (e) No provision of the Freedom of Information Act, as defined in  
3670 section 1-200, shall be construed to require or permit a municipal  
3671 utility furnishing electric, gas or water service, a municipality  
3672 furnishing water or sewer service, a district established by special act  
3673 or pursuant to chapter 105 and furnishing water or sewer service or a  
3674 regional authority established by special act to furnish water or sewer  
3675 service to disclose records under the Freedom of Information Act, as  
3676 defined in section 1-200, which identify or could lead to identification  
3677 of the utility usage or billing information of individual customers, to  
3678 the extent such disclosure would constitute an invasion of privacy.

3679 (f) If an electric supplier suffers a loss of revenue by operation of  
3680 this section, the supplier may make a claim for such revenue to the  
3681 department. The electric distribution company shall reimburse the  
3682 electric supplier for such losses found to be reasonable by the  
3683 department at the lower of (1) the price of the contract between the  
3684 supplier and the customer, or (2) the electric distribution company's  
3685 price to customers for default service, as determined by the  
3686 department. The electric distribution company may recover such  
3687 reimbursement, along with transaction costs, through the systems  
3688 benefits charge.

3689 Sec. 81. Section 12-412 of the general statutes is amended by adding  
3690 subdivisions (117) and (118) as follows (*Effective July 1, 2007, and*  
3691 *applicable to sales occurring on or after July 1, 2007*):

3692 (NEW) (117) Sales of solar energy electricity generating systems and  
3693 passive or active solar water or space heating systems and geo-thermal  
3694 resource systems, including equipment related to such systems, and  
3695 sales of services relating to the installation of such systems.

3696 (NEW) (118) Sales of ice storage systems used for cooling, including  
3697 equipment related to such systems, and sales of services relating to the

3698 installation of such systems by a utility ratepayer who is billed by such  
3699 utility on a time-of-service metering basis.

3700 Sec. 82. Section 12-412k of the general statutes is repealed and the  
3701 following is substituted in lieu thereof (*Effective June 1, 2007*):

3702 (a) For purposes of this section, "residential weatherization  
3703 products" means programmable thermostats, window film, caulking,  
3704 window and door weather strips, insulation, water heater blankets,  
3705 water heaters, natural gas and propane furnaces and boilers that meet  
3706 the federal Energy Star standard, windows and doors that meet the  
3707 federal Energy Star standard, oil furnaces and boilers that are not less  
3708 than [eighty-five] eighty-four per cent efficient and [ground-based]  
3709 ground-source heat pumps that meet the minimum federal energy  
3710 efficiency rating.

3711 (b) Notwithstanding the provisions of the general statutes, [from  
3712 November 25, 2005, to April 1, 2006, and from June 1, 2006, to June 30,  
3713 2007,] the provisions of this chapter shall not apply to sales of any  
3714 residential weatherization products or compact fluorescent light bulbs.

3715 Sec. 83. (NEW) (*Effective from passage*) Notwithstanding the  
3716 provisions of the general statutes, from the effective date of this section  
3717 to June 30, 2008, the provisions of chapter 219 of the general statutes  
3718 shall not apply to sales of any household appliance that meets the  
3719 federal Energy Star standard.

3720 Sec. 84. Section 16-245a of the general statutes is amended by adding  
3721 subsection (g) as follows (*Effective from passage*):

3722 (NEW) (g) (1) Notwithstanding the provisions of this section and  
3723 section 16-244c, as amended by this act, for periods beginning on and  
3724 after January 1, 2008, each electric distribution company may procure  
3725 renewable energy certificates from Class I, Class II and Class III  
3726 renewable energy sources that represent generation in amounts equal  
3727 to or greater than fifty per cent of the procurement from Class I, Class  
3728 II and Class III renewable energy sources. The electric distribution

3729 companies may enter into long-term contracts for not more than fifteen  
3730 years to procure such renewable energy certificates associated with  
3731 output and services delivered over the term of the contract. The  
3732 generation associated with the renewable energy certificates purchased  
3733 pursuant to this section shall be credited against the required amounts  
3734 of output and standard service or supplier of last resort service,  
3735 pursuant to subsection (a) of this section, for the periods which the  
3736 output and services to which such renewable energy certificates apply  
3737 is produced.

3738 (2) The department shall conduct a contested case proceeding to  
3739 establish the procedures for the procurement of renewable energy  
3740 certificates pursuant to this subsection and the recovery of the costs of  
3741 such program from customers of the electric distribution companies.  
3742 The department's procedures shall include: (A) The method and  
3743 timing of crediting of the procurement of renewable energy certificates  
3744 against the renewable portfolio standard purchase obligations of  
3745 electric suppliers and the electric distribution companies pursuant to  
3746 subsection (a) of this section; (B) the terms and conditions, including  
3747 reasonable performance assurance commitments, to be imposed on  
3748 entities seeking to supply renewable energy certificates; and (C)  
3749 compensation, not to exceed one mill per kilowatt hour of output and  
3750 services associated with the renewable energy certificates purchased  
3751 pursuant to this subsection, which shall be payable to the electric  
3752 distribution companies for administering the procurement provided  
3753 for under this subsection. Revenues from such compensation shall not  
3754 be included in calculating the electric distribution companies' earnings  
3755 to determine if rates are just and reasonable, for earnings sharing  
3756 mechanisms or for purposes of sections 16-19, 16-19a and 16-19e, as  
3757 amended by this act.

3758 Sec. 85. Section 12-635 of the general statutes is repealed and the  
3759 following is substituted in lieu thereof (*Effective July 1, 2007*):

3760 The Commissioner of Revenue Services shall grant a credit against  
3761 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or

3762 212 (1) in an amount not to exceed [~~sixty~~] one hundred per cent of the  
3763 total cash amount invested during the taxable year by the business  
3764 firm in programs operated or created pursuant to proposals approved  
3765 pursuant to section 12-632 for energy conservation projects directed  
3766 toward properties occupied by persons, at least seventy-five per cent  
3767 of whom are at an income level not exceeding one hundred fifty per  
3768 cent of the poverty level for the year next preceding the year during  
3769 which such tax credit is to be granted; [, or] (2) in an amount equal to  
3770 one hundred per cent of the total cash amount invested during the  
3771 taxable year by the business firm in programs operated or created  
3772 pursuant to proposals approved pursuant to section 12-632 for energy  
3773 conservation projects at properties owned or occupied by charitable  
3774 corporations, foundations, trusts or other entities as determined under  
3775 regulations adopted pursuant to this chapter; or (3) in an amount not  
3776 to exceed sixty per cent of the total cash amount invested during the  
3777 taxable year by the business firm in employment and training  
3778 programs directed at youths, at least seventy-five per cent of whom are  
3779 at an income level not exceeding one hundred fifty per cent of the  
3780 poverty level for the year next preceding the year during which such  
3781 tax credit is to be granted; in employment and training programs  
3782 directed at handicapped persons as determined under regulations  
3783 adopted pursuant to this chapter; in employment and training  
3784 programs for unemployed workers who are fifty years of age or older;  
3785 in education and employment training programs for recipients in the  
3786 temporary family assistance program; or in child care services. Any  
3787 other program which serves persons at least seventy-five per cent of  
3788 whom are at an income level not exceeding one hundred fifty per cent  
3789 of the poverty level for the year next preceding the year during which  
3790 such tax credit is to be granted and which meets the standards for  
3791 eligibility under this chapter shall be eligible for tax credit under this  
3792 section.

3793 Sec. 86. (NEW) (*Effective July 1, 2007*) (a) For the purposes described  
3794 in subsection (b) of this section, the State Bond Commission shall have  
3795 the power, from time to time, to authorize the issuance of bonds of the  
3796 state in one or more series and in principal amounts not exceeding in

3797 the aggregate thirty million dollars.

3798 (b) The proceeds of the sale of said bonds, to the extent of the  
3799 amount stated in subsection (a) of this section, shall be used by the  
3800 Department of Public Works for the purpose of funding the net project  
3801 costs, or the balance of any projects after applying any public or  
3802 private financial incentives available, for any energy services project  
3803 that results in increased efficiency measures in state buildings.

3804 (c) All provisions of section 3-20 of the general statutes, or the  
3805 exercise of any right or power granted thereby, which are not  
3806 inconsistent with the provisions of this section are hereby adopted and  
3807 shall apply to all bonds authorized by the State Bond Commission  
3808 pursuant to this section, and temporary notes in anticipation of the  
3809 money to be derived from the sale of any such bonds so authorized  
3810 may be issued in accordance with said section 3-20 and from time to  
3811 time renewed. Such bonds shall mature at such time or times not  
3812 exceeding twenty years from their respective dates as may be provided  
3813 in or pursuant to the resolution or resolutions of the State Bond  
3814 Commission authorizing such bonds. None of said bonds shall be  
3815 authorized except upon a finding by the State Bond Commission that  
3816 there has been filed with it a request for such authorization which is  
3817 signed by or on behalf of the Secretary of the Office of Policy and  
3818 Management and states such terms and conditions as said commission,  
3819 in its discretion, may require. Said bonds issued pursuant to this  
3820 section shall be general obligations of the state and the full faith and  
3821 credit of the state of Connecticut are pledged for the payment of the  
3822 principal of and interest on said bonds as the same become due, and  
3823 accordingly and as part of the contract of the state with the holders of  
3824 said bonds, appropriation of all amounts necessary for punctual  
3825 payment of such principal and interest is hereby made, and the State  
3826 Treasurer shall pay such principal and interest as the same become  
3827 due.

3828 Sec. 87. Section 10a-180 of the general statutes is amended by adding  
3829 subsection (w) as follows (*Effective October 1, 2007*):

3830 (NEW) (w) To make grants or provide other forms of financial  
3831 assistance to any institution of higher education, to any health care  
3832 institution, to any nursing home, to any child care or child  
3833 development facility and to any qualified nonprofit organization in  
3834 such amounts, for energy efficient construction or renovation projects  
3835 or renewable energy construction or renovation projects subject to  
3836 such eligibility and other requirements the board establishes pursuant  
3837 to written procedures adopted by the board of directors pursuant to  
3838 subsection (h) of section 10a-179.

3839 Sec. 88. Section 5 of public act 05-2 of the October 25 special session  
3840 is repealed and the following is substituted in lieu thereof (*Effective*  
3841 *from passage*):

3842 Notwithstanding the provisions of section 16a-40b of the general  
3843 statutes, as amended by section 5 of public act 05-191, for the fiscal  
3844 year ending June 30, [2006] 2008, the range of rates of interest payable  
3845 on all loans pursuant to subsection (b) of said section 16a-40b for  
3846 purchases set forth in subsection (a) of said section 16a-40b, except for  
3847 goods or services relating to [aluminum or vinyl siding,] replacement  
3848 central air conditioning, [replacement roofs,] heat pumps or solar  
3849 systems and passive solar additions, shall be not less than zero per cent  
3850 for any applicant in the lowest income class and not more than three  
3851 per cent for any applicant for whom the adjusted gross income of the  
3852 household member or members who contribute to the support of the  
3853 household was at least one hundred fifteen per cent of the median area  
3854 income by household size.

3855 Sec. 89. Section 16a-2 of the general statutes is repealed and the  
3856 following is substituted in lieu thereof (*Effective from passage*):

3857 As used in this chapter and sections 16a-45a, 16a-46, 16a-46a and  
3858 16a-46b:

3859 (a) "Office" means the Office of Policy and Management;

3860 (b) "Board" means the Connecticut Energy Advisory Board;

3861 (c) "Secretary" means the Secretary of the Office of Policy and  
3862 Management;

3863 (d) "Energy" means work or heat that is, or may be, produced from  
3864 any fuel or source whatsoever;

3865 (e) "Energy emergency" means a situation where the health, safety  
3866 or welfare of the citizens of the state is threatened by an actual or  
3867 impending acute shortage in usable energy resources;

3868 (f) "Energy resource" means natural gas, petroleum products, coal  
3869 and coal products, wood fuels, geothermal sources, radioactive  
3870 materials and any other resource yielding energy;

3871 (g) "Person" means any individual, firm, partnership, association,  
3872 syndicate, company, trust, corporation, limited liability company,  
3873 municipality, agency or political or administrative subdivision of the  
3874 state, or other legal entity of any kind;

3875 (h) "Service area" means any geographic area serviced by the same  
3876 energy-producing public service company, as defined in section 16-1;

3877 (i) "Renewable resource" means solar, wind, water, wood or other  
3878 biomass source of energy and geothermal energy;

3879 (j) "Energy-related products" means (1) energy systems and  
3880 equipment that utilize renewable resources to provide space heating or  
3881 cooling, water heating, electricity or other useful energy, (2) insulation  
3882 materials, and (3) equipment designed to conserve energy or increase  
3883 the efficiency of its use, including that used for residential, commercial,  
3884 industrial and transportation purposes;

3885 (k) "Energy-related services" means (1) the design, construction,  
3886 installation, inspection, maintenance, adjustment or repair of energy-  
3887 related products, (2) inspection, adjustment, maintenance or repair of  
3888 any conventional energy system, (3) the performance of energy audits  
3889 or the provision of energy management consulting services, and (4)  
3890 weatherization activities carried out under any federal, state or

3891 municipal program;

3892 (l) "Conventional energy system" means any system for supplying  
3893 space heating or cooling, ventilation or domestic or commercial hot  
3894 water which is not included in subdivision (1) of subsection (j) of this  
3895 section; [and]

3896 (m) "Energy supply" means any energy resource capable of being  
3897 used to perform useful work and any form of energy such as electricity  
3898 produced or derived from energy resources which may be so used;  
3899 and

3900 (n) "Energy facility" means a structure that generates, transmits or  
3901 stores electricity, natural gas, refined petroleum products, renewable  
3902 fuels, coal and coal products, wood fuels, geothermal sources,  
3903 radioactive material and other resources yielding energy.

3904 Sec. 90. Section 16a-7b of the general statutes is repealed and the  
3905 following is substituted in lieu thereof (*Effective from passage*):

3906 (a) Not later than December 1, 2004, the Connecticut Energy  
3907 Advisory Board shall develop infrastructure criteria guidelines for the  
3908 evaluation process under subsection (f) of section 16a-7c, which  
3909 guidelines shall be consistent with state environmental policy, state  
3910 economic development policy, the state's policy regarding the  
3911 restructuring of the electric industry, as set forth in section 16-244, and  
3912 the findings in the comprehensive energy plan prepared pursuant to  
3913 section 16a-7a, and shall include, but not be limited to, the following:  
3914 (1) Environmental preference standards; (2) efficiency standards,  
3915 including, but not limited to, efficiency standards for transmission,  
3916 generation and demand-side management; (3) generation preference  
3917 standards; (4) electric capacity, use trends and forecasted resource  
3918 needs; (5) natural gas capacity, use trends and forecasted resource  
3919 needs; and (6) national and regional reliability criteria applicable to the  
3920 regional bulk power grid, as determined in consultation with the  
3921 regional independent system operator, as defined in section 16-1. In  
3922 developing environmental preference standards, the board shall

3923 consider the recommendations and findings of the task force  
3924 established pursuant to section 25-157a and Executive Order Number  
3925 26 of Governor John G. Rowland.

3926 (b) No municipality other than a municipality operating a plant  
3927 pursuant to chapter 101 or any special act and acting for purposes  
3928 thereto may take an action to condemn, in whole or in part, or restrict  
3929 the operation of any existing and currently operating energy facility, if  
3930 such facility is first determined by the Department of Public Utility  
3931 Control, following a contested case proceeding, held in accordance  
3932 with the provisions of chapter 54, to comprise a critical, unique and  
3933 unmovable component of the state's energy infrastructure, unless the  
3934 municipality first receives written approval from the department, the  
3935 Office of Policy and Management, the Connecticut Energy Advisory  
3936 Board and the Connecticut Siting Council that such taking would not  
3937 have a detrimental impact on the state's or region's ability to provide a  
3938 particular energy resource to its citizens.

3939 Sec. 91. Section 29-256a of the general statutes is repealed and the  
3940 following is substituted in lieu thereof (*Effective October 1, 2007*):

3941 (a) The State Building Inspector and the Codes and Standards  
3942 Committee shall revise the State Building Code to require that  
3943 buildings and building elements be designed to provide optimum cost-  
3944 effective energy efficiency over the useful life of the building. Such  
3945 revision shall [meet] exceed by not less than twenty per cent the  
3946 American Society of Heating, Refrigerating and Air Conditioning  
3947 Engineers Standard 90.1 for new construction.

3948 (b) Notwithstanding subsection (a) of this section, the State Building  
3949 Inspector and the Codes and Standards Committee shall revise the  
3950 State Building Code to require that any (1) building, except a  
3951 residential building with no more than four units, constructed after  
3952 January 1, 2010, that is projected to cost not less than five million  
3953 dollars, and (2) renovation to any building, except a residential  
3954 building with no more than four units, started after January 1, 2010,  
3955 that is projected to cost not less than two million dollars shall be built

3956 or renovated using building construction standards consistent with or  
3957 exceeding the silver building rating of the Leadership in Energy and  
3958 Environmental Design's rating system for new commercial  
3959 construction and major renovation projects, as established by the  
3960 United States Green Building Council, or an equivalent standard,  
3961 including, but not limited to, a two-globe rating in the Green Globes  
3962 USA design program. The inspector and the committee shall provide  
3963 for an exemption for any building if the Institute for Sustainable  
3964 Energy finds, in a written analysis, that the cost of such compliance  
3965 significantly outweighs the benefits.

3966 Sec. 92. Subsection (a) of section 16-245e of the general statutes is  
3967 amended by adding subdivisions (14) to (18), inclusive, as follows  
3968 (*Effective from passage*):

3969 (NEW) (14) "State rate reduction bonds" means the rate reduction  
3970 bonds issued on June 23, 2004, by the state to sustain funding of  
3971 conservation and load management and renewable energy investment  
3972 programs by substituting for disbursements to the General Fund from  
3973 the Energy Conservation and Load Management Fund, established by  
3974 section 16-245m, and from the Renewable Energy Investment Fund,  
3975 established by section 16-245n, as amended by this act. The state rate  
3976 reduction bonds for the purposes of section 4-30a shall be deemed to  
3977 be outstanding indebtedness of the state;

3978 (NEW) (15) "Operating expenses" in connection with the state rate  
3979 reduction bonds, means (A) all expenses, costs and liabilities of the  
3980 state or the trustee incurred in connection with the administration or  
3981 payment of the state rate reduction bonds or in discharge of its  
3982 obligations and duties under the state rate reduction bonds or bond  
3983 documents, expenses and other costs and expenses arising in  
3984 connection with the state rate reduction bonds or pursuant to the  
3985 financing order providing for the issuance of such bonds including any  
3986 arbitrage rebate and penalties payable under the code in connection  
3987 with such bonds, and (B) all fees and expenses payable or disburseable  
3988 to the servicers or others under the bond documents;

3989 (NEW) (16) "Bond documents" means, in connection with the state  
3990 rate reduction bonds, the following documents: The servicing  
3991 agreements, the tax compliance agreement and certificate, and the  
3992 continuing disclosure agreement entered into in connection with the  
3993 state rate reduction bonds and the indenture;

3994 (NEW) (17) "Indenture" means, in connection with the state rate  
3995 reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and  
3996 between the state and the trustee, as amended from time to time; and

3997 (NEW) (18) "Trustee" means in connection with the state rate  
3998 reduction bonds the trustee appointed under the indenture.

3999 Sec. 93. Section 16-245e of the general statutes is amended by adding  
4000 subsection (l) as follows (*Effective from passage*):

4001 (NEW) (l) The sum of ninety-five million dollars is appropriated to  
4002 the Treasurer, from the General Fund, for the fiscal year ending June  
4003 30, 2007, for the purpose of (1) defeasing the state rate reduction bonds  
4004 maturing after December 30, 2007, by irrevocably depositing with the  
4005 bond trustee in trust such appropriation to be used for the scheduled  
4006 payments of principal and interest on the said state rate reduction  
4007 bonds and paying operating expenses, (2) if the Treasurer determines  
4008 it to be in the state's best interest, purchasing state rate reduction  
4009 bonds maturing after December 30, 2007, in the open market on such  
4010 terms and conditions as the Treasurer determines to be in the best  
4011 interest of the state for purposes of satisfying such bonds, or (3)  
4012 defeasing or satisfying the state rate reduction bonds maturing after  
4013 December 30, 2007, by a combination of the methods described in  
4014 subdivisions (1) and (2) of this subsection. Such appropriation is for  
4015 the purpose of paying debt service on bonds or other evidences of  
4016 indebtedness and related costs and expenses provided for in the  
4017 indenture. After the defeasance or satisfaction of all outstanding state  
4018 rate reduction bonds, the trustee shall deliver to the Treasurer or apply  
4019 in accordance with the instructions of the Treasurer all moneys held by  
4020 it not necessary to defease or satisfy such bonds or allocated to pay  
4021 operating expenses. Such funds shall be first applied to satisfy any

4022 unpaid operating expenses. After payment of the operating expenses,  
4023 seventy-five per cent of any remaining amounts shall be paid to the  
4024 Energy Conservation and Load Management Fund, established  
4025 pursuant to section 16-245m, and twenty-five per cent of such  
4026 remaining amount shall be paid to the Renewable Energy Investment  
4027 Fund, established pursuant to section 16-245n, as amended by this act.  
4028 The Treasurer and the finance authority have the authority to take any  
4029 necessary and appropriate actions to implement the defeasance or  
4030 satisfaction of the state rate reduction bonds and the payment of all  
4031 operating expenses so that the amount of state rate reduction charges  
4032 which before defeasance secured the state rate reduction bonds can be  
4033 applied to the Energy Conservation and Load Management Fund and  
4034 the Renewable Energy Investment Fund.

4035 Sec. 94. Subsection (b) of section 32-317 of the general statutes is  
4036 repealed and the following is substituted in lieu thereof (*Effective from*  
4037 *passage*):

4038 (b) Except as provided under subsection (c) of this section, any such  
4039 loan or deferred loan shall be available only for a residential structure  
4040 containing not more than four dwelling units, shall be not less than  
4041 four hundred dollars and not more than [fifteen] twenty-five thousand  
4042 dollars per structure and shall be made only to an applicant who  
4043 submits evidence, satisfactory to the commissioner, that the adjusted  
4044 gross income of the household member or members who contribute to  
4045 the support of his household was not in excess of one hundred fifty per  
4046 cent of the median area income by household size. Repayment of all  
4047 loans or deferred loans made under this subsection shall be subject to a  
4048 rate of interest to be determined in accordance with subsection (t) of  
4049 section 3-20 and such terms and conditions as the commissioner may  
4050 establish. The State Bond Commission shall establish a range of rates of  
4051 interest payable on all loans or deferred loans under this subsection  
4052 and shall apply the range to applicants in accordance with a formula  
4053 which reflects their income. Such range shall be not less than zero per  
4054 cent for any applicant in the lowest income class and not more than  
4055 one per cent above the rate of interest borne by the general obligation

4056 bonds of the state last issued prior to the most recent date such range  
4057 was established for any applicant for whom the adjusted gross income  
4058 of the household member or members who contribute to the support  
4059 of his household was at least one hundred fifteen per cent of the  
4060 median area income by household size.

4061 Sec. 95. (*Effective July 1, 2007*) (a) For the purposes described in  
4062 subsection (b) of this section, the State Bond Commission shall have  
4063 the power, from time to time, to authorize the issuance of bonds of the  
4064 state in one or more series and in principal amounts not exceeding in  
4065 the aggregate thirty million dollars.

4066 (b) The proceeds of the sale of said bonds, to the extent of the  
4067 amount stated in subsection (a) of this section, shall be used by  
4068 Connecticut Innovations, Incorporated, for the purpose of funding the  
4069 net project costs, or the balance of any projects after applying any  
4070 public or private financial incentives available, for any renewable  
4071 energy or combined heat and power projects in state buildings. The  
4072 funds shall be made available through the Renewable Energy  
4073 Investment Fund, established pursuant to section 16-245n of the  
4074 general statutes, as amended by this act. Eligible state buildings shall  
4075 be Leadership in Energy and Environmental Design (LEED) certified  
4076 or in the process of becoming LEED certified.

4077 (c) All provisions of section 3-20 of the general statutes, or the  
4078 exercise of any right or power granted thereby, which are not  
4079 inconsistent with the provisions of this section are hereby adopted and  
4080 shall apply to all bonds authorized by the State Bond Commission  
4081 pursuant to this section, and temporary notes in anticipation of the  
4082 money to be derived from the sale of any such bonds so authorized  
4083 may be issued in accordance with said section 3-20 and from time to  
4084 time renewed. Such bonds shall mature at such time or times not  
4085 exceeding twenty years from their respective dates as may be provided  
4086 in or pursuant to the resolution or resolutions of the State Bond  
4087 Commission authorizing such bonds. None of said bonds shall be  
4088 authorized except upon a finding by the State Bond Commission that

4089 there has been filed with it a request for such authorization which is  
4090 signed by or on behalf of the Secretary of the Office of Policy and  
4091 Management and states such terms and conditions as said commission,  
4092 in its discretion, may require. Said bonds issued pursuant to this  
4093 section shall be general obligations of the state and the full faith and  
4094 credit of the state of Connecticut are pledged for the payment of the  
4095 principal of and interest on said bonds as the same become due, and  
4096 accordingly and as part of the contract of the state with the holders of  
4097 said bonds, appropriation of all amounts necessary for punctual  
4098 payment of such principal and interest is hereby made, and the State  
4099 Treasurer shall pay such principal and interest as the same become  
4100 due.

4101       Sec. 96. (*Effective from passage*) During the calendar year 2007,  
4102 Operation Fuel, Incorporated, shall establish a one-time clean-slate  
4103 program to target low-income persons with high arrearages. Said  
4104 program shall constitute a one-time grant based on the recipient's  
4105 income and arrearage amount. Grants shall only apply to arrearages  
4106 no more than twenty-four months old and shall not exceed one  
4107 thousand dollars. Said program shall also incorporate case  
4108 management services, including, but not limited to, budget counseling  
4109 and assistance with utility payment programs.

4110       Sec. 97. Section 16a-41h of the general statutes is repealed and the  
4111 following is substituted in lieu thereof (*Effective from passage*):

4112       (a) (1) Each electric [and] distribution company, gas company [, as  
4113 defined in section 16-1, having at least seventy-five thousand  
4114 customers] and municipal utility furnishing electric or gas service,  
4115 shall include in its monthly bills a request to each customer to add a  
4116 [one-dollar] donation in an amount designated by the customer to the  
4117 bill payment. Such company shall provide to all of its customers the  
4118 opportunity to donate one dollar, two dollars, three dollars or another  
4119 amount on each bill provided to a customer either through the mail or  
4120 electronically. Such designation shall be made available and included  
4121 where customers are either electronically billed or bill payment is

4122 handled electronically. The opportunity to donate one dollar, two  
4123 dollars, three dollars or another amount shall be included on the bill in  
4124 such a way that facilitates such donations.

4125 (2) Operation Fuel, Incorporated, a state-wide nonprofit  
4126 organization designed to respond to people within the state who are in  
4127 financial crisis and need emergency energy assistance, shall provide  
4128 fundraising inserts and remittance envelopes to retail dealers of fuel oil  
4129 that volunteer to include the inserts and envelopes in their customers'  
4130 bills for one or more billing cycles each year. Such retail dealers of fuel  
4131 oil shall inform Operation Fuel, Incorporated, as to the number of  
4132 inserts and envelopes needed to conduct such a mailing.

4133 (3) Each electric, gas or fuel oil company shall transmit all such  
4134 donations received each month, as well as their own contributions, if  
4135 any, to Operation Fuel, [Inc., a state-wide nonprofit organization  
4136 designed to respond to people within the state who are in financial  
4137 crisis and need emergency energy assistance. Donations] Incorporated.  
4138 Operation Fuel, Incorporated shall [be distributed] distribute  
4139 donations to nonprofit social services agencies and private fuel banks  
4140 in accordance with guidelines established by the board of directors of  
4141 Operation Fuel, Inc., provided such funds shall be distributed on a  
4142 priority basis to low-income elderly and working poor households  
4143 which are not eligible for public assistance or state-administered  
4144 general assistance but are faced with a financial crisis and are unable to  
4145 make timely payments on [winter] fuel, electricity or gas bills. Such  
4146 companies shall coordinate their promotions of this program, holding  
4147 promotions during the same month and using similar formats.

4148 (b) If Operation Fuel, Inc. ceases to exist, such electric and gas  
4149 companies shall jointly establish a nonprofit, tax-exempt corporation  
4150 for the purpose of holding in trust and distributing such customer  
4151 donations. The board of directors of such corporation shall consist of  
4152 eleven members appointed as follows: Four by the companies, each of  
4153 which shall appoint one member; one by the president pro tempore of  
4154 the Senate; one by the minority leader of the Senate; one by the speaker

4155 of the House of Representatives; one by the minority leader of the  
4156 House of Representatives; and three by the Governor. The board shall  
4157 distribute such funds to nonprofit organizations and social service  
4158 agencies which provide emergency energy or fuel assistance. The  
4159 board shall target available funding on a priority basis to low-income  
4160 elderly and working poor households which are not eligible for public  
4161 assistance or state-administered general assistance but are faced with a  
4162 financial crisis and are unable to make timely payments on [winter]  
4163 fuel, electricity or gas bills.

4164 (c) Not later than the first of September annually, Operation Fuel,  
4165 Inc. shall submit to the General Assembly a report on the  
4166 implementation of this section. Such report shall include, (1) a  
4167 summary of the effectiveness of the program, (2) the total amount of  
4168 the donations received by electric and gas companies and transmitted  
4169 to Operation Fuel, Inc. under subsection (b) of this section, and (3) an  
4170 accounting of the distribution of such funds by Operation Fuel, Inc.  
4171 indicating the organizations and agencies receiving funds, the amounts  
4172 received and distributed by each such organization and agency and  
4173 the number of households each assisted. On and after October 1, 1996,  
4174 the report shall be submitted to the joint standing committee of the  
4175 General Assembly having cognizance of matters relating to energy  
4176 and, upon request, to any member of the General Assembly. A  
4177 summary of the report shall be submitted to each member of the  
4178 General Assembly if the summary is two pages or less and a  
4179 notification of the report shall be submitted to each member if the  
4180 summary is more than two pages. Submission shall be by mailing the  
4181 report, summary or notification to the legislative address of each  
4182 member of the committee or the General Assembly, as applicable.

4183 Sec. 98. Section 4a-67d of the general statutes is repealed and the  
4184 following is substituted in lieu thereof (*Effective from passage*):

4185 (a) The fleet average for cars or light duty trucks purchased by the  
4186 state shall: (1) On and after October 1, 2001, have a United States  
4187 Environmental Protection Agency estimated highway gasoline mileage

4188 rating of at least thirty-five miles per gallon and on and after January 1,  
 4189 2003, have a United States Environmental Protection Agency estimated  
 4190 highway gasoline mileage rating of at least forty miles per gallon, (2)  
 4191 comply with the requirements set forth in 10 CFR 490 concerning the  
 4192 percentage of alternative-fueled vehicles required in the state motor  
 4193 vehicle fleet, and (3) obtain the best achievable mileage per pound of  
 4194 carbon dioxide emitted in its class. The alternative-fueled vehicles  
 4195 purchased by the state to comply with said requirements shall be  
 4196 capable of operating on natural gas or electricity or any other system  
 4197 acceptable to the United States Department of Energy that operates on  
 4198 fuel that is available in the state.

4199 (b) Notwithstanding any other provisions of this section, (1) on and  
 4200 after January 1, 2008, any car or light duty truck purchased by the state  
 4201 shall have an efficiency rating that is in the top third of all vehicles in  
 4202 such purchased vehicle's class and fifty per cent of such cars and light  
 4203 duty trucks shall be an alternative fueled, hybrid electric or plug-in  
 4204 electric vehicle, and (2) on and after January 1, 2010, any car or light  
 4205 duty truck purchased by the state shall have an efficiency rating that is  
 4206 in the top third of all vehicles in such purchased vehicle's class and one  
 4207 hundred per cent of such cars and light duty trucks shall be alternative  
 4208 fueled, hybrid electric or plug-in electric vehicles.

4209 [(b)] (c) The provisions of [subsection (a)] subsections (a) and (b) of  
 4210 this section shall not apply to cars or light duty trucks purchased for  
 4211 law enforcement or other special use purposes as designated by the  
 4212 Department of Administrative Services.

4213 [(c)] (d) As used in this section, the terms "car" and "light duty  
 4214 truck" shall be as defined in the United States Department of Energy  
 4215 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	<i>from passage</i>	PA 05-2 of the October 25 Sp. Sess., Sec. 6
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>October 1, 2007</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>October 1, 2007</i>	16-32g
Sec. 8	<i>October 1, 2007</i>	16-19e(a)
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>July 1, 2007</i>	New section
Sec. 11	<i>January 1, 2008</i>	16a-38k
Sec. 12	<i>October 1, 2007</i>	10-285a
Sec. 13	<i>October 1, 2007</i>	16a-48
Sec. 14	<i>October 1, 2007</i>	16a-48(a)
Sec. 15	<i>October 1, 2007</i>	16a-48(b)
Sec. 16	<i>October 1, 2007</i>	16a-48(d)(1)
Sec. 17	<i>October 1, 2007</i>	16a-48(g)
Sec. 18	<i>October 1, 2007</i>	4a-67c
Sec. 19	<i>January 1, 2008</i>	New section
Sec. 20	<i>July 1, 2007</i>	16-243r
Sec. 21	<i>January 1, 2008</i>	New section
Sec. 22	<i>January 1, 2008</i>	12-412(110)
Sec. 23	<i>from passage</i>	New section
Sec. 24	<i>from passage</i>	New section
Sec. 25	<i>from passage</i>	New section
Sec. 26	<i>from passage</i>	New section
Sec. 27	<i>from passage</i>	New section
Sec. 28	<i>from passage</i>	New section
Sec. 29	<i>from passage</i>	New section
Sec. 30	<i>from passage</i>	New section
Sec. 31	<i>from passage</i>	New section
Sec. 32	<i>from passage</i>	New section
Sec. 33	<i>from passage</i>	New section
Sec. 34	<i>from passage</i>	New section
Sec. 35	<i>from passage</i>	New section
Sec. 36	<i>from passage</i>	New section
Sec. 37	<i>from passage</i>	New section
Sec. 38	<i>from passage</i>	New section
Sec. 39	<i>October 1, 2007</i>	16-243a(b)
Sec. 40	<i>October 1, 2007</i>	16-243a
Sec. 41	<i>October 1, 2007</i>	16-245n(a)

Sec. 42	<i>October 1, 2007</i>	16-243h
Sec. 43	<i>October 1, 2007</i>	16-245a
Sec. 44	<i>July 1, 2007</i>	New section
Sec. 45	<i>from passage</i>	New section
Sec. 46	<i>October 1, 2007</i>	16-243q
Sec. 47	<i>from passage</i>	16-1(a)(44)
Sec. 48	<i>October 1, 2007</i>	22a-6(a)
Sec. 49	<i>from passage</i>	16-243i(a)
Sec. 50	<i>October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	12-81(57)
Sec. 51	<i>October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	12-81(63)
Sec. 52	<i>from passage</i>	20-340
Sec. 53	<i>from passage</i>	16-244c
Sec. 54	<i>from passage</i>	New section
Sec. 55	<i>from passage</i>	New section
Sec. 56	<i>from passage</i>	New section
Sec. 57	<i>from passage</i>	16a-3
Sec. 58	<i>from passage</i>	New section
Sec. 59	<i>July 1, 2007</i>	New section
Sec. 60	<i>July 1, 2007</i>	16-32f
Sec. 61	<i>July 1, 2007</i>	16a-7c
Sec. 62	<i>July 1, 2007</i>	16a-7c(b)
Sec. 63	<i>July 1, 2007</i>	16-50l(a)(2)
Sec. 64	<i>from passage</i>	New section
Sec. 65	<i>from passage</i>	New section
Sec. 66	<i>from passage</i>	13a-126
Sec. 67	<i>July 1, 2007</i>	New section
Sec. 68	<i>October 1, 2007</i>	16-2(e)
Sec. 69	<i>July 1, 2007</i>	New section
Sec. 70	<i>from passage</i>	New section
Sec. 71	<i>October 1, 2007</i>	New section
Sec. 72	<i>from passage</i>	New section
Sec. 73	<i>July 1, 2007</i>	New section
Sec. 74	<i>July 1, 2007</i>	16-19b(j)
Sec. 75	<i>October 1, 2007</i>	16-50k(a)
Sec. 76	<i>July 1, 2007</i>	16-244e(a)(6)

Sec. 77	<i>July 1, 2007</i>	16-19ss(d)
Sec. 78	<i>July 1, 2007</i>	PA 05-2 of the October 25 Sp. Sess., Sec. 1
Sec. 79	<i>July 1, 2007</i>	16a-41a
Sec. 80	<i>October 1, 2007</i>	16-262c
Sec. 81	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-412
Sec. 82	<i>June 1, 2007</i>	12-412k
Sec. 83	<i>from passage</i>	New section
Sec. 84	<i>from passage</i>	16-245a
Sec. 85	<i>July 1, 2007</i>	12-635
Sec. 86	<i>July 1, 2007</i>	New section
Sec. 87	<i>October 1, 2007</i>	10a-180
Sec. 88	<i>from passage</i>	PA 05-2 of the October 25 Sp. Sess., Sec. 5
Sec. 89	<i>from passage</i>	16a-2
Sec. 90	<i>from passage</i>	16a-7b
Sec. 91	<i>October 1, 2007</i>	29-256a
Sec. 92	<i>from passage</i>	16-245e(a)
Sec. 93	<i>from passage</i>	16-245e
Sec. 94	<i>from passage</i>	32-317(b)
Sec. 95	<i>July 1, 2007</i>	New section
Sec. 96	<i>from passage</i>	New section
Sec. 97	<i>from passage</i>	16a-41h
Sec. 98	<i>from passage</i>	4a-67d

**FIN**      *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:

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**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 to OPM to administer this program.

**Section 2** PA 05-2, An Act Concerning Emergency Home Heating Assistance, October Special Session (OSS), authorizes \$5.0 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 would 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 \$5.0 million as of 5/15/07.

**Section 3** requires 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<sup>1</sup>, 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):

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

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, 91** require that new state facilities costing \$5.0 million or 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 would 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<sup>2</sup>), 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

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<sup>1</sup> The CL&M Fund's fiscal year begins January 1.

<sup>2</sup> The standards are contained in the 2004 edition of the ASHRAE standard 90.1.

buildings. Any Transportation Fund operating budget savings would 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<sup>3</sup> 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/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 and associated other expenses of \$2,500 annually.

**Sections 16, 18** require the Department of Administrative 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

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

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 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 the 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 \$1.0 million in FY 08 and up to \$2.0 million<sup>4</sup> in FY 09 and FY 10.

**Sections 23-38** permit Energy Improvement District Boards to issue bonds. This has no state fiscal impact because 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 provide a guarantee for these bonds would not be limited in their ability to issue bonds for other purposes.

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<sup>4</sup> 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.

The bill increases energy efficiency standards and extends them to renovation projects for 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 increase in construction costs for municipalities 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 4/30/07 is \$81.4 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.

**Sections 50, 51** of the bill require, rather than allow, 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.

**Section 58** requires 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, a 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 within available appropriations. The budget bill, sHB 7077, as favorably reported by the Appropriations Committee, includes within OPM's budget \$7.0 million in FY 08 and FY 09 to implement the provisions of this bill. However, given the other provisions of the bill, it is uncertain how much may be transferred to the Energy Conservation Board to reimburse gas companies for costs associated with their conservation programs.

**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 \$1.0 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 \$1.0 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 \$2.0 million to \$4.0 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 \$10.0 million.

**Section 73** funds fuel oil conservation programs within available resources. The budget bill, sHB 7077, as favorably reported by the Appropriations Committee includes within OPM's budget \$7.0 million in FY 08 and FY 09 to implement the provisions of this bill. However, given the other provisions of the bill, it is uncertain how much may be transferred to the Fuel Oil Conservation Board to administer and implement fuel oil conservation and energy efficiency programs.

**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<sup>5</sup>.

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<sup>5</sup> 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.

The ability of the agency to comply with the bill's provisions 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 the bill's 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 would 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 1<sup>st</sup> annually, and report pricing information per Section 79 (c) would 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

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Household appliances <sup>6</sup> that meet the federal Energy Star standard	13,000,000	-
<div style="text-align: right;"><b>Total    \$21,000,000    \$8,000,000</b></div>		

**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 \$1.0 million beginning in FY 09.

About 90 to 100 corporations claim approximately \$1.3 million per year (the program has a cap of \$5.0 million per year) under the Neighborhood Assistance program.

**Section 86** authorizes the issuance of \$30.0 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.

**Sections 88, 94** reinstate 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 exclude siding and replacement roofs from these rates. In addition, the bill increases the

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<sup>6</sup> This estimate includes refrigerators, cloths washers, air conditioners, and dishwashers.

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 \$3.1 million and the current unallocated General Obligation (GO) bond balance for the ECLF is \$5.0 million as of 5/15/07. 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, 93** provide \$95 million from the General Fund in FY 07 to defease<sup>7</sup> state rate reduction bonds that mature after 12/30/07. The \$95.0 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.

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

Maturity Date	(\$ millions)		
	Principal <u>a</u>	Interest <u>b</u>	Total Debt Service <u>a+b</u>
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

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<sup>7</sup> The bonds will be defeased because they are not callable.

06/30/10	16.2	1.2	17.4
12/30/10	16.6	0.8	17.4
06/30/11	<u>17.0</u>	<u>0.4</u>	<u>17.4</u>
<b>Total</b>	<b>111.0</b>	<b>11.1</b>	<b>122.1</b>

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

**Section 95** authorizes the issuance of \$30.0 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 could result in increased costs for changes in its infrastructure, technology support, and case management. These costs 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 effects 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 conservation be made available to all gas company customers within available appropriations and requires the companies

to apply to ECMB for reimbursement of their expenditures pursuant to 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.

The bill requires the board to establish a nonlapsing fuel oil conservation account in the General Fund, containing all funds required to be deposited into it. (The bill does not establish a funding mechanism.) 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.

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**§ 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 (though the section (§ 19) is not effective until January 1, 2008), 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% starting 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***

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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.

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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

#### **§ 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.

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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.

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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 – CEAB AND DPUC STUDIES**

The bill requires CEAB to develop recommendations, by January 1, 2008, on (1) how to integrate the state's energy entities, (2) meet state and regional greenhouse gas emission goals, and (3) promote indigenous alternative fuel resources. CEAB must submit its recommendations to the Energy and Technology Committee by January 1, 2009.

The bill requires CEAB to study:

1. by July 1, 2007, the efficacy, innovativeness, and customer focus of energy conservation programs and investigate the options of (a) retaining the current system in which each electric company administers its own programs; (b) selecting a statewide conservation program provider from among the electric companies, CMEEC, and other entities; or (c) having a non-profit organization serve as the administrator and
2. by October 1, 2007, the effectiveness of the Clean Energy Fund, including its selection of projects and rates of success and cost-effectiveness.

CEAB must report its findings to the Energy and Technology Committee for the first study by February 1, 2009 and for the second by February 1, 2008 .

The bill requires DPUC to study, by January 1, 2009, the efficacy and rate impact of last resort service and standard service. It also requires DPUC to conduct a contested case, by September 1, 2007, and whether and how to competitively bid for the procurement of power contracts for standard service, based on the procurement plan established by the bill.

EFFECTIVE DATE: Upon passage, except July 1, 2007 for the first CEAB study and October 1, 2007 for the first DPUC study.

**§ 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 Changes**

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. The House referred the bill (File 798) to the Finance, Revenue and Bonding Committee, which reported a substitute that eliminated the funding mechanisms for the natural gas and oil conservation programs.

**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)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 46 Nay 2 (05/15/2007)