



House of Representatives

General Assembly

File No. 177

January Session, 2007

Substitute House Bill No. 7309

House of Representatives, March 28, 2007

The Committee on Energy and Technology reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING PAY AS YOU SAVE AND ENERGY EFFICIENCY RECOMMENDATIONS.

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

1 Section 1. (NEW) (*Effective July 1, 2007*) (a) On or before October 1,
2 2007, the Energy Conservation Management Board, established
3 pursuant to section 16-245m of the general statutes, in consultation
4 with the electric distribution and gas companies, shall develop and
5 estimate the cost of a comprehensive residential conservation program,
6 including, but not limited to, the following features: (1) An audit
7 identifying appropriate conservation measures applicable to a utility
8 customer's dwelling unit, whether owned or rented by the customer,
9 prioritizing measures for cost-effectiveness and reductions in peak
10 electricity demand; (2) a system that prioritizes customers to be
11 assisted at least in part by the customer's consent to installation of
12 those measures that are the most cost-effective and reduce peak
13 electricity demand; (3) a system of oversight that advises and assists a
14 customer in obtaining landlord authority where needed for installation

15 of cost-effective measures and assists a customer in accessing
16 incentives, other cost savings and financing for cost-effective measures
17 and identifying knowledgeable contractors for installation of such
18 measures and ensures successful installation of such measures; and (4)
19 provides financing for conservation measures on the utility bill, to the
20 extent such financing repayment does not exceed the expected life of
21 the measure, and the repayment amount plus the periodic customer
22 bill after installation of conservation measures does not exceed the
23 anticipated periodic bill for utility service without installation of such
24 conservation measures, and authorizes disconnection for nonpayment
25 by the customer of any financing repayment amount and assignment
26 of repayment obligations to subsequent owners or tenants of the
27 dwelling unit.

28 (b) On or before February 1, 2008, the Energy Conservation
29 Management Board shall provide a report to the joint standing
30 committees of the General Assembly having cognizance of matters
31 relating to energy and the environment regarding development and
32 the estimated cost of a comprehensive residential conservation
33 program as defined in subsection (a) of this section. Nothing herein
34 shall preclude development and implementation of conservation
35 programs with features described in subsection (a) of this section prior
36 to provision of said report, provided such programs have been
37 approved by the Department of Public Utility Control.

38 Sec. 2. Subsection (c) of section 16-245n of the general statutes is
39 repealed and the following is substituted in lieu thereof (*Effective from*
40 *passage*):

41 (c) There is hereby created a Renewable Energy Investment Fund
42 which shall be administered by Connecticut Innovations, Incorporated.
43 The fund may receive any amount required by law to be deposited
44 into the fund and may receive any federal funds as may become
45 available to the state for renewable energy investments. Connecticut
46 Innovations, Incorporated, may use any amount in said fund for
47 expenditures which promote investment in renewable energy sources

48 in accordance with a comprehensive plan developed by it to foster the
49 growth, development and commercialization of renewable energy
50 sources, related enterprises and stimulate demand for renewable
51 energy and deployment of renewable energy sources which serve end
52 use customers in this state and for the further purpose of supporting
53 operational demonstration projects for advanced technologies that
54 reduce energy utilization from traditional sources. Such expenditures
55 may include, but not be limited to, grants, direct or equity investments,
56 contracts or other actions which support research, development,
57 manufacture, commercialization, deployment and installation of
58 renewable energy technologies, and actions which expand the
59 expertise of individuals, businesses and lending institutions with
60 regard to renewable energy technologies.

61 Sec. 3. (*Effective July 1, 2007*) The Energy Conservation Management
62 Board, established pursuant to section 16-245m of the general statutes,
63 in consultation with the Department of Education, shall conduct a
64 study to determine the feasibility of providing compact fluorescent
65 light bulbs at low or no cost to schools in the state for the purpose of a
66 state-wide school fundraiser. The board shall report the findings of
67 said study to the joint standing committees of the General Assembly
68 having cognizance of matters relating to energy and education on or
69 before February 1, 2008.

70 Sec. 4. (*Effective July 1, 2007*) On or before August 1, 2007, the Energy
71 Conservation Management Board, established pursuant to section 16-
72 245m of the general statutes, shall contract with an independent, third
73 party to conduct an assessment of Connecticut's conservation and
74 energy efficiency potential. Such study shall be considered an update
75 to a similar study conducted by a third party in 2004. Not later than six
76 months after the commencement of the study pursuant to this section,
77 the board shall present the results of such study to the joint standing
78 committee of the General Assembly having cognizance of matters
79 relating to energy.

80 Sec. 5. (NEW) (*Effective from passage*) The Department of Public

81 Utility Control shall develop recommendations for implementation of
82 a daily energy report program, which shall commence in the summer
83 of 2008 and continue annually thereafter. Said program shall include,
84 but not be limited to, (1) making such reports available through
85 various media sources throughout the summer months each year, (2)
86 producing such reports in a consumer-friendly fashion, and (3)
87 developing a plan to promote and inform the public regarding such
88 reports. The department shall report such recommendations to the
89 joint standing committee of the General Assembly having cognizance
90 of matters relating to energy not later than February 1, 2008.

91 Sec. 6. (NEW) (*Effective July 1, 2007*) (a) The Energy Conservation
92 Management Board, established pursuant to section 16-245m of the
93 general statutes, shall establish a plan to (1) reach zero per cent load
94 growth by the year 2012, and (2) reduce the state's per capita load
95 consumption to that of the lower of California or New York by the year
96 2020.

97 (b) On or before January 1, 2008, and annually thereafter, the board
98 shall report on the progress of achieving, meeting or exceeding the
99 goals set forth in the plan established pursuant to subsection (a) of this
100 section to the Connecticut Energy Advisory Board, established
101 pursuant to section 16a-3 of the general statutes, for comparison with
102 and possible inclusion in any plan for the procurement of energy
103 resources submitted to such Connecticut Energy Advisory Board by
104 the electric distribution companies.

105 Sec. 7. Subsection (a) of section 16-243q of the general statutes is
106 repealed and the following is substituted in lieu thereof (*Effective July*
107 *1, 2007*):

108 (a) On and after January 1, 2007, each electric distribution company
109 providing standard service pursuant to section 16-244c and each
110 electric supplier as defined in section 16-1 shall demonstrate to the
111 satisfaction of the Department of Public Utility Control that not less
112 than one per cent of the total output of such supplier or such standard
113 service of an electric distribution company shall be obtained from

114 Class III resources. On and after January 1, 2008, not less than two per
115 cent of the total output of any such supplier or such standard service of
116 an electric distribution company shall, on demonstration satisfactory to
117 the Department of Public Utility Control, be obtained from Class III
118 resources. On or after January 1, 2009, not less than three per cent of
119 the total output of any such supplier or such standard service of an
120 electric distribution company shall, on demonstration satisfactory to
121 the Department of Public Utility Control, be obtained from Class III
122 resources. On and after January 1, 2010, not less than four per cent of
123 the total output of any such supplier or such standard service of an
124 electric distribution company shall, on demonstration satisfactory to
125 the Department of Public Utility Control, be obtained from Class III
126 resources. On and after January 1, 2011, not less than five per cent of
127 the total output of any such supplier or such standard service of an
128 electric distribution company shall, on demonstration satisfactory to
129 the Department of Public Utility Control, be obtained from Class III
130 resources. On and after January 1, 2012, not less than six per cent of the
131 total output of any such supplier or such standard service of an electric
132 distribution company shall, on demonstration satisfactory to the
133 Department of Public Utility Control, be obtained from Class III
134 resources. Electric power obtained from customer-side distributed
135 resources that does not meet air quality standards of the Department
136 of Environmental Protection is not eligible for purposes of meeting the
137 percentage standards in this section.

138 Sec. 8. Subsection (a) of section 16-245a of the general statutes is
139 repealed and the following is substituted in lieu thereof (*Effective July*
140 *1, 2007*):

141 (a) On and after January 1, 2006, an electric supplier and an electric
142 distribution company providing standard service or supplier of last
143 resort service, pursuant to section 16-244c, shall demonstrate that not
144 less than two per cent of the total output or services of any such
145 supplier or distribution company shall be generated from Class I
146 renewable energy sources and an additional three per cent of the total
147 output or services shall be from Class I or Class II renewable energy

148 sources. On and after January 1, 2007, not less than three and one-half
 149 per cent of the total output or services of any such supplier or
 150 distribution company shall be generated from Class I renewable
 151 energy sources and an additional three per cent of the total output or
 152 services shall be from Class I or Class II renewable energy sources. On
 153 and after January 1, 2008, not less than five per cent of the total output
 154 or services of any such supplier or distribution company shall be
 155 generated from Class I renewable energy sources and an additional
 156 three per cent of the total output or services shall be from Class I or
 157 Class II renewable energy sources. On and after January 1, 2009, not
 158 less than six per cent of the total output or services of any such
 159 supplier or distribution company shall be generated from Class I
 160 renewable energy sources and an additional three per cent of the total
 161 output or services shall be from Class I or Class II renewable energy
 162 sources. On and after January 1, 2010, not less than seven per cent of
 163 the total output or services of any such supplier or distribution
 164 company shall be generated from Class I renewable energy sources
 165 and an additional [three] four per cent of the total output or services
 166 shall be from Class I or Class II renewable energy sources.

167 Sec. 9. (NEW) (*Effective October 1, 2007*) On or before January 1, 2008,
 168 the Energy Conservation Management Board, established pursuant to
 169 section 16-245m of the general statutes, shall design and implement a
 170 program to provide cost-effective loans or award cost-effective grants
 171 to electric customers billed on a time of use basis for the construction
 172 and installation of cost-efficient energy storage units.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>from passage</i>	16-245n(c)
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	16-243q(a)

Sec. 8	<i>July 1, 2007</i>	16-245a(a)
Sec. 9	<i>October 1, 2007</i>	New section

ET *Joint Favorable Subst.*

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
CT Innovations Inc. (quasi-public)	Renewable Energy Investment Fund - See Below	See Below	See Below
Energy Conservation Management Board (ECMB) quasi-public; Public Utility Control, Dept.	Connecticut Energy Efficiency Fund (CEEF) - None	None	None

Municipal Impact: None

Explanation

The cost, if any, for developing this program cannot be determined at this time.

The bill expands the potential uses of the Renewable Energy Investment Fund (Fund). The approximate monthly rate payer contributions to the Fund are \$1.9 million and the unrestricted net asset balance as of Feb. 28, 2007 is \$81.7 million.

This bill also requires the Energy Conservation Management Board (ECMB) to submit a plan to the Energy and Technology and Environment Committees by February 1, 2008. The Connecticut Energy Efficiency Fund (CEEF) budget for 2006¹ (which used to be called the Conservation and Load Management Fund (CL&M)) has inflows of approximately \$68.6 million and outflows of approximately 71.0 million (outflows exceed inflows, because actual collections which are based on kilowatt sales, were less than projected).

¹ The CEEF budget is on a calendar year basis.

There could be an effect on the state and municipalities as ratepayers, the extent to which cannot be determined at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 7309*****AN ACT CONCERNING PAY AS YOU SAVE AND ENERGY EFFICIENCY RECOMMENDATIONS.*****SUMMARY:**

This bill requires the Energy Conservation Management Board (ECMB) to develop and estimate the cost of a comprehensive residential conservation program. ECMB must do this by October 1, 2007 in consultation with the electric and gas companies. The bill specifies the components of the program. It requires ECMB to report to the Energy and Technology and Environment committees by February 1, 2008 regarding the program's development and estimated cost. The bill does not preclude the development and implementation of similar conservation programs before this date, so long as the Department of Public Utility Control (DPUC) approves them.

The bill requires ECMB to undertake various other energy efficiency initiatives.

The bill requires DPUC to develop recommendations for a daily energy report program, specifies the program content, and requires DPUC to report its recommendations to the Energy and Technology Committee by February 1, 2008.

The bill increases the proportion of the power bought by electric companies and competitive electric suppliers that must come from renewable resources under the renewable portfolio standard. It also allows the Clean Energy Fund to support demonstration projects for advanced technology that reduce energy use from traditional sources.

EFFECTIVE DATE: July 1, 2007, except the Clean Energy Fund and DPUC provisions are effective upon passage, and the ECMB provision

addressing time-of-use rates take effect October 1, 2007.

COMPONENTS OF RESIDENTIAL CONSERVATION PROGRAM

The bill requires the conservation program ECMB must develop to have the following components:

1. an audit identifying appropriate conservation measures applicable to a utility customer's house or apartment ranking measures for cost-effectiveness and reductions in peak electricity demand and
2. a system that ranks customers to be assisted, at least in part based on their consent to install those measures that are the most cost-effective and reduce peak electricity demand;

The program must have an oversight system that helps a customer (1) obtain a landlord's consent when needed in order to install cost-effective measures; (2) gain access to incentives, other cost savings, and financing for cost-effective measures; and (3) identify knowledgeable contractors to install the measures and ensure their successful installation.

The program must also provide financing for conservation measures on utility bills, for up to the measure's expected life. The repayment amount plus the periodic customer bill after the measures are installed cannot exceed the customer's anticipated bill for utility service if the conservation measures had not been installed. Participants must authorize disconnection for nonpayment of any financing repayment amount and assignment of repayment obligations to the unit's subsequent owners or tenants.

OTHER ECMB RESPONSIBILITIES

The bill requires ECMB to:

1. determine the feasibility, in consultation with the Education Department, of providing compact fluorescent light bulbs at low or no cost to schools as part of a statewide school

- fundraiser and report its findings to the Education and Energy and Technology committee by February 1, 2008;
2. contract with an independent third party by August 1, 2007 to assess Connecticut's conservation and energy efficiency potential, updating a 2004 study, and by March 1, 2008 present its results to the Energy and Technology Committee;
 3. adopt a plan to reach 0% load growth by the year 2012 and reduce the state's per capita load consumption to the lower of California's or New York's by 2020;
 4. report to the Connecticut Energy Advisory Board, by January 1, annually, on the progress of achieving, meeting, or exceeding the goals in the state's energy reduction plan (see above) for comparison with and possible inclusion in any energy procurement plan submitted to that board by the electric companies; and
 5. design and implement a program, by January 1, 2008, to provide cost-effective loans or grants to electric customers billed on a time-of-use basis for building and installing cost-efficient energy storage units.

DAILY ENERGY REPORT PROGRAM

The bill requires that this program begin in summer 2008 and continue annually thereafter. It requires that the program include (1) making daily energy reports available through various media sources throughout the summer, (2) producing such reports in a consumer-friendly fashion, and (3) developing a plan to promote and inform the public of such reports.

RENEWABLE PORTFOLIO STANDARD

The law requires electric companies to get part of their power from renewable resources. These resources fall into three classes: class I (e.g., solar and wind power), class II (biomass and power from resources recovery facilities) and class III (power from small

generators and conservation savings at commercial establishments). By law, the requirements increase in steps over time. Under current law, beginning in 2010, at least 7% of a supplier or electric company's power must come from class I resources and another 3% from either class I or class II resources. The bill increases the latter amount to 4%. Under current law, as of 2010, at least 4% of the supplier's or company's power must come from class III resources. The bill increases this amount to 5% in 2011 and 6% in 2012 and thereafter.

BACKGROUND

Related Bills

sSB 1374 has similar provisions on compact fluorescent lights and energy reports. sHB 7098 has similar provisions on the renewable portfolio standard. sSB 1373 has similar class III renewable portfolio standard provisions. All three bills were reported favorably by the Energy and Technology Committee.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 13 Nay 8 (03/13/2007)