



General Assembly

January Session, 2007

Raised Bill No. 1373

LCO No. 5093

05093_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING ELECTRIC RATE RELIEF.

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

- 1 Section 1. (NEW) (*Effective July 1, 2007*) (a) As used in this section:
- 2 (1) "Qualifying transmission property" means new or modified high
3 voltage facilities deemed to be part of the administered transmission
4 system pursuant to the open access transmission tariff of the regional
5 independent system operator, constructed or modified on or after
6 January 1, 2007, or any additional transmission facilities that have costs
7 allocated to electric consumers in the state pursuant to a local service
8 tariff provided for under the open access transmission tariff of the
9 regional independent system operator and located in the state.
- 10 (2) "High voltage facilities" means electric transmission facilities
11 rated 345 kilovolt or higher.
- 12 (3) "Joint ownership interest" means an undivided fraction of
13 ownership in fee in qualifying transmission property by a participating
14 transferee utility, where said fraction is equal to the coincident
15 maximum hourly electric load of customers receiving electric

16 distribution service from the participating transferee utility divided by
17 the maximum hourly load of aggregate electric consumption within
18 the state during a calendar year. For purposes of this section, the
19 electric load of each municipal electric utility with authority to serve
20 electricity at retail within the state, which is a member or participant of
21 a municipal electric energy cooperative created pursuant to chapter
22 101a of the general statutes acquiring such a joint ownership interest,
23 shall be accounted for as part of the electric load of said cooperative
24 and the electric load of the cooperative, as so calculated, shall be
25 deemed to be the electric load of customers receiving electric
26 distribution service.

27 (4) "Participating transferee utility" means each electric distribution
28 company with the authority to serve electricity at retail within the
29 state, each municipal electric utility with the authority to serve
30 electricity at retail within the state, and a municipal electric energy
31 cooperative created pursuant to chapter 101a of the general statutes
32 and each such entity not otherwise qualifying as a transferor utility
33 with respect to particular qualifying transmission property pursuant to
34 this section.

35 (5) "Transferor utility" means an electric distribution company or its
36 affiliate that is constructing and owns the qualifying transmission
37 property on or before the date of transfer in accordance with the plan
38 approved by the Department of Public Utility Control pursuant to sub-
39 section (c) of this section.

40 (6) "Transmission facilities transfer proceeds" means the amount
41 paid to the transferor utility by the participating transferee utility for
42 the purchase of its joint ownership interest in qualifying transmission
43 property.

44 (b) Any transferor utility may elect to transfer qualifying
45 transmission property pursuant to the provisions of this section and, if
46 it so elects, may transfer up to the amount of the transmission facilities
47 transfer proceeds received by the transferor utility to enhanced

48 demand side management initiatives, in accordance with section 9 of
49 this act, in partnership with Connecticut Electric Efficiency Partners for
50 investment in electric efficiency or conservation and load management
51 measures within its service area as recommended by the board and
52 approved by the Department of Public Utility Control in accordance
53 with section 16-245m of the general statutes, as amended by this act.
54 The department shall recognize the amount of the transmission
55 facilities transfer proceeds as a regulatory asset of the transferor utility.
56 The department shall conduct a contested case proceeding for
57 approval pursuant to chapter 54 of the general statutes and issue a
58 final order on or before November 1, 2007, establishing the specific
59 parameters for the creation and recovery of the regulatory asset
60 created pursuant to this subsection, including, but not limited to,
61 return on equity and depreciation life for the investments
62 contemplated in this subsection. Notwithstanding any other provisions
63 of this subsection, the return on equity component allowed in the retail
64 rates of the transferor utility for the capital contribution associated
65 with the transmission facilities transfer proceeds shall be not less than
66 the allowed return on equity that the transferor utility would receive
67 on its investment in the transferred qualifying transmission property
68 absent such transfer and the transferor utility shall receive rate base
69 treatment for recovery of the costs of such investment over a period
70 not longer than ___ years in the retail rates of such transferor utility.

71 (c) (1) Each transferor utility shall submit a plan to the department
72 on or before September 30, 2007, for the transfer of joint ownership
73 interests in all qualifying transmission property that has entered or is
74 anticipated to enter into commercial operation or whose costs, in
75 whole or in part, are being or are anticipated to be recovered in the
76 transferor utility's rates on or before January 1, 2009, to each of the
77 participating transferee utilities for a price equal to the net book value
78 of the investment by the transferor utility in the qualifying
79 transmission property, as it appears in the accounts of such transferor
80 utility, as of the date of the transfer. Said plan shall include any
81 documentation the department determines is reasonably necessary to

82 approve such sale and establishes that the terms of such sale will not
83 have an adverse effect on customers of such electric distribution
84 company. The department shall hold a hearing and issue a final order
85 approving or modifying the plan in a time frame that will allow the
86 transfer of the joint ownership interests to be accomplished on or
87 before April 1, 2009.

88 (2) For a qualifying transmission property that does not meet the
89 requirements of subdivision (1) of this subsection, each transferor
90 utility on or before ninety days before the commencement of
91 construction or, if already under construction, before the
92 commencement of commercial operation of such qualifying
93 transmission property shall submit a plan to the department for the
94 participation through a joint ownership interest of each of the
95 participating transferee utilities in said qualifying transmission
96 property. Said plan shall provide for the transfer of the joint ownership
97 interest to each of the participating transferee utilities at price equal to
98 the net book investment by the transferor utility in the qualifying
99 transmission property and shall include any documentation the
100 department determines is reasonably necessary to approve such sale
101 and establishes that the terms of such sale will not have an adverse
102 effect on customers of such electric distribution company. The
103 department shall hold a hearing and issue a final order approving or
104 modifying the plan in a time frame that will allow the transfer of the
105 joint ownership interests on or before the commencement of recovery
106 in rates of any costs associated with said qualifying transmission
107 property.

108 (d) No sooner than thirty days and no later than one hundred
109 twenty days following the issuance of a final order of the department
110 approving any plan submitted by the transferor utility pursuant to
111 subsection (c) of this section, each of the participating transferee
112 utilities shall tender the transmission facilities transfer proceeds to the
113 transferor utility equivalent to its joint ownership interest in the
114 qualifying transmission facilities described in said plan as approved by

115 the department, and, thereafter, simultaneous with the receipt of such
116 proceeds the transferor utility shall transfer the joint ownership
117 interest to such participating transferee utility. If the participating
118 transferee utility fails to tender the transmission facilities transfer
119 proceeds during this period, the transferor utility's obligation to
120 transfer an interest in the qualifying transmission facilities described in
121 the plan as approved by the department and the participating
122 transferee utility's obligation to purchase such interest shall
123 permanently lapse.

124 (e) Notwithstanding the transfers of ownership in qualifying
125 transmission facilities affected by this section, the transferor utility or
126 the regional independent system operator, as applicable, shall retain
127 control over and operational responsibility for the qualifying
128 transmission facilities.

129 (f) The findings and approvals of the department under this section
130 shall be in lieu of the findings and approvals required for the transfer
131 of property pursuant to section 16-43 of the general statutes.

132 Sec. 2. (NEW) (*Effective from passage*) (a) The Energy Conservation
133 Management Board, established pursuant to section 16-245m of the
134 general statutes, as amended by this act, shall investigate and develop
135 a comprehensive plan, to be known as the Connecticut energy
136 excellence plan, which shall include, but not be limited to: (1)
137 Describing in detail any existing Connecticut higher educational
138 energy efficiency resources, (2) quantifying the strategic role that
139 energy efficiency programs can play in facilitating a transition to a
140 more efficient and competitive business climate, (3) identifying
141 measures that can be employed and investments in research that can
142 be made to position the state as a national leader in energy efficiency,
143 and (4) detailing the manner in which energy efficiency efforts can be
144 expanded to reduce the state's peak electric demand by not less than
145 ten per cent by 2010.

146 (b) On or before July 1, 2007, each electric distribution company

147 shall submit a plan to the Department of Public Utility Control to
148 deploy an advance metering infrastructure. Said metering
149 infrastructure shall support net metering and be capable of tracking
150 hourly consumption to support proactive customer pricing signals
151 through innovative rate design, such as time-of-day or real-time
152 pricing of electric service for all customer classes. The metering
153 infrastructure shall have the ability to capture interval data in a
154 minimum interval of fifteen minutes for both peak kilowatt demand
155 and kilowatt-hour consumption and allow that such data be accessible
156 by the customer or its designated competitive electric supplier via an
157 Ethernet or equivalent connection at or near the meter location.

158 (c) The plan to implement advanced metering developed pursuant
159 to subsection (b) of this section shall allow for the deployment of a
160 network to support the metering of seventy-five per cent of all
161 customers on or before January 1, 2008. The deployment of the
162 network to support the metering of the remaining twenty-five per cent
163 of the customers of each electric distribution company shall be
164 completed not later than January 1, 2009.

165 (d) The plan shall provide for the installation of an advanced meter
166 for any customer that chooses a competitive electric supplier or a
167 customer that requests the installation of such meter not later than
168 sixty days after switching to the competitive supplier making said
169 request. For all other customers, the plan shall support the installation
170 of meters to comply with the directives contained in the department's
171 decisions concerning rate design in Docket No. 05-10-03 and the
172 supplemental decision in Docket No. 05-06-04.

173 (e) The cost of the advanced metering infrastructure, including, but
174 not limited to, the meters, the network to support the meters, and
175 administrative, installation, operation and maintenance costs shall be
176 borne by the electric distribution company and shall be recoverable in
177 rates. The unrecovered cost of the current metering system shall
178 continue to be reflected in rates.

179 (f) On or before January 1, 2008, the department shall issue a final
180 decision in an uncontested proceeding to approve a plan for
181 deployment of the metering system.

182 (g) The department shall allocate fifty per cent of any funds received
183 by the Energy Conservation and Load Management Funds pursuant to
184 section 25 of this act to defray the cost of the installation of an
185 advanced metering system for each electric distribution company.

186 Sec. 3. (NEW) (*Effective July 1, 2007*) Competitive electric suppliers
187 and aggregators shall provide time-of-use pricing options to all
188 customer classes. These pricing options may include, but not be
189 limited to, hourly or real-time pricing options. These pricing options
190 shall be in place no later than six months from the effective date of this
191 section.

192 Sec. 4. Section 16-244c of the general statutes is amended by adding
193 subsections (k) to (q) as follows (*Effective January 1, 2008*):

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

195 (A) "Program" means the retail choice and referral program
196 described in this subsection.

197 (B) "Participating electric supplier" means an electric supplier that
198 has been authorized after appropriate review by the department to
199 make an offer to provide electric service, pursuant to this subsection, to
200 residential customers.

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

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

208 (2) Each month, participating electric suppliers shall be allowed to
209 list introductory offers to provide electric generation service to
210 residential and small commercial customers with each customer's
211 utility bill. The department shall determine the manner in which
212 introductory offers shall be made.

213 (A) Such introductory offers shall include the price comparable to
214 the generation-related service charge under the then-applicable
215 standard service rate for a fixed number of months. Every
216 participating supplier shall offer at least one service that bases price on
217 the time of consumption. The department shall allow the listing of
218 introductory offers with fixed prices or offers based on service
219 characteristics other than price, including, but not limited to, the
220 environmental characteristics of the generation service and the
221 inclusion of energy efficiency, conservation or demand response
222 services with the offer.

223 (B) Participating electric suppliers shall provide residential and
224 small commercial customers a means of choosing one of the
225 introductory offers. The department shall determine said means,
226 which shall be designed to maximize the ease to the customer of
227 exercising such choice and minimize any delay in implementing such
228 choice. The means of exercising said choice of an introductory offer
229 shall include at least the following: (i) An expression of affirmative
230 choice appearing on the return portion of the utility bill; (ii) a toll-free
231 telephone number; and (iii) a web site operated by or at the direction
232 of the department. The department shall establish comparable
233 enrollment procedures for customers paying their bill electronically or
234 through third-party bill processors wherever practicable.

235 (C) Upon the expiration of the introductory offer, and after at least
236 thirty days written notice, participating residential and small
237 commercial customers may (i) switch to a different supplier, upon
238 terms proposed by the supplier; or (ii) return to standard service at the
239 then-applicable rate. If neither of these options is chosen, the customer

240 shall remain with the supplier of record subject to the terms then in
241 effect.

242 (3) At the direction of the department, electric distribution
243 companies shall offer to customers initiating new service, or
244 reinitiating service following a change of residence or business
245 location, a choice of then-available introductory offers from
246 participating electric suppliers to provide electric generation service as
247 an alternative to being placed on standard service. Customers
248 expressing a preference for a specific electric supplier or for standard
249 service shall be enrolled with that supplier or continued on standard
250 service. Customers not expressing a preference for a specific electric
251 supplier shall be enrolled with an electric supplier selected randomly
252 on a rotating basis. Upon the expiration of the introductory offer, a
253 participating residential customer may (A) switch to a different
254 supplier, upon terms proposed by the supplier; or (B) return to
255 standard service at the then-applicable rate. If neither of these options
256 is chosen, the customer shall remain with the supplier of record subject
257 to the terms then in effect.

258 (4) In the manner determined by the department, residential or
259 small commercial standard service customers making an inbound call
260 to an electric distribution company for any purpose related to the
261 customers' electric service shall be offered the option to learn about
262 their ability to enroll with a participating electric supplier and shall be
263 informed that they have the option to receive immediate savings
264 compared to the standard service rate by participating in the referral
265 program. Customers choosing to participate shall be transferred to a
266 customer service representative for the program and informed of the
267 then-available introductory offers by participating electric suppliers.
268 Customers expressing a preference for a specific electric supplier shall
269 be enrolled with that supplier. Upon the expiration of the introductory
270 offer, a participating residential or small commercial customer may (A)
271 switch to a different supplier, upon terms proposed by the supplier; or
272 (B) return to standard service at the then-applicable rate. If neither of

273 these options is chosen, the customer shall remain with the supplier of
274 record subject to the terms then in effect.

275 (5) The department shall make available to residential and small
276 commercial customers the ability to participate voluntarily as members
277 of a customer choice buying pool.

278 (A) Said buying pool shall be created from customers electing to
279 participate in the pool in one of the following ways: (i) The marking of
280 a check box or similar device included with the customer's utility bill;
281 (ii) calling a toll-free number; (iii) through a web site operated by or at
282 the direction of the department; or (iv) by responding to a nonutility
283 mailing approved by the department. The department shall promote
284 the existence and purpose of, and the means of joining, the buying
285 pool, through advertising and marketing as the department deems
286 appropriate. Enrollment in the initial buying pool shall continue for a
287 period of time determined by the department but shall in no event
288 exceed ninety days from the initial announcement of the buying pool.

289 (B) Upon the closure of the enrollment period for the buying pool,
290 the department shall solicit bids from licensed electric suppliers to
291 provide retail electric service to the customers in the buying pool. The
292 means of soliciting and receiving such bids shall be determined by the
293 department. The department shall conduct an uncontested proceeding
294 and may choose one or more winning bidders based on price as
295 compared to the generation-related service charges under the then-
296 available standard offer price; financial and managerial strength of the
297 bidders and the ability of the suppliers to adhere to the current retail
298 choice rules. If the department finds none of the bids to be acceptable,
299 the department shall seek new bids at a time of its choosing, not to
300 exceed one hundred twenty days from the date upon which it rejected
301 the previous bids. Customers who provided their consent to
302 participate in the buying pool shall remain in the buying pool until the
303 department chooses successful bidders to provide electric service to
304 the pool, provided if the department has not chosen successful bidders

305 one year from the initial solicitation of bids to provide electric service
306 to the buying pool, the buying pool shall be dissolved.

307 (C) Retail electric service shall be provided to the members of the
308 buying pool for a term of one year. Each pool customer will be
309 enrolled by the winning supplier or suppliers with account numbers
310 supplied by the utility to such supplier or suppliers. During the one-
311 year term, members of the buying pool may switch to a different retail
312 supplier or switch to a different electric service offered by the supplier
313 to the buying pool without penalty to the customer or to the new
314 supplier. Upon the expiration of the term, a member of the buying
315 pool may (i) switch to a different supplier, upon terms proposed by the
316 supplier; or (ii) return to standard service at the then-applicable rate. If
317 neither of these options is chosen, the member of the buying pool shall
318 remain with the supplier of record subject to the terms then in effect.

319 (D) Following selection of one or more winning bidders for the
320 initial buying pool, the department may, at its discretion, form a
321 subsequent buying pool by the means described above, provided,
322 however, in no event shall solicitation of residential and small
323 commercial customers for a new buying pool commence fewer than
324 thirty days following the selection of winning bidders for the initial
325 buying pool. To the extent practicable, customers receiving service
326 from a competitive retail supplier, whether through a buying pool or
327 otherwise, shall not be solicited for participation in a new buying pool.
328 Only residential and small commercial customers enrolled in and
329 receiving standard service may participate in a buying pool.

330 (NEW) (l) The department shall ensure that any and all prudently
331 incurred costs for the implementation and operation of the programs
332 described in subsection (k) of this section are recovered in the rates of
333 electric distribution companies.

334 (NEW) (m) The department shall implement performance-based
335 financial incentives which may be earned by electric distribution
336 companies in connection with their implementation and operation of

337 the programs described in subsection (k) of this section.

338 (NEW) (n) An electric distribution company may apply to the
339 department for approval of rates to provide enhanced billing and other
340 value-added services to retail suppliers, provided the rates for any
341 such services may not exceed the incremental cost to the electric
342 distribution company of providing such services. Notwithstanding the
343 foregoing, the department may identify and implement performance-
344 based financial incentives that may be earned by electric distribution
345 companies in connection with their implementation and operation of
346 such enhanced billing and other value-added services to retail
347 suppliers.

348 (NEW) (o) Each electric company shall implement a purchase of
349 receivables program for retail electric suppliers with full and timely
350 cost recovery for the electric company under terms and conditions
351 approved by the department.

352 (NEW) (p) Notwithstanding section 16-245p and upon request by an
353 electric retail supplier, each electric distribution company shall provide
354 to such requesting retail supplier the following customer information,
355 provided no electric company shall provide such information relating
356 to a customer who withholds or withdraws consent to do so: (1)
357 Account name; (2) billing address; (3) service address; (4) utility
358 account number; (5) utility rate class; (6) monthly historic consumption
359 for the previous twelve months; and (7) any other information that the
360 department deems necessary for electric retail suppliers.

361 (NEW) (q) Any customer that receives electric generation service
362 from an electric supplier can return to standard service or supplier of
363 last resort service at any time. Any customer that is receiving electric
364 generation service from an electric distribution company pursuant to
365 either standard service or supplier of last resort service can switch to
366 an electric supplier at any time without the imposition of any
367 additional charges.

368 Sec. 5. Section 16-245m of the general statutes is amended by adding
369 subsection (h) as follows (*Effective January 1, 2008*):

370 (NEW) (h) The department, in consultation with the Energy
371 Conservation Management Board, shall identify and implement cost-
372 effective energy conservation programs and market transformation
373 initiatives to be supported by participating electric suppliers and
374 electric distribution companies designed to promote energy efficiency
375 for customers participating in the retail choice and referral program
376 established pursuant to section 4 of this act. Such a program may
377 include market-based offerings, such as coupons or vouchers, for use
378 in purchasing energy-efficient appliances or lighting and promotion of
379 deployment of advanced metering infrastructure technology.

380 Sec. 6. Subsection (e) of section 16-244c of the general statutes is
381 repealed and the following is substituted in lieu thereof (*Effective July*
382 *1, 2007*):

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

392 (2) An electric distribution company shall procure electricity at least
393 every calendar quarter to provide electric generation services to
394 customers pursuant to this subsection. The Department of Public
395 Utility Control shall determine a price for such customers that reflects
396 the full cost of providing the electricity on a monthly basis. Each
397 electric distribution company shall recover the actual net costs of
398 procuring and providing electric generation services pursuant to this
399 subsection, provided such company mitigates the costs it incurs for the

400 procurement of electric generation services for customers that are no
401 longer receiving service pursuant to this subsection.

402 Sec. 7. (NEW) (*Effective from passage*) (a) For purposes of this section:

403 (1) "State facility electric supply manager" means the third-party
404 entity that enters into a contract with the Department of Public Utility
405 Control for the provision of state facility energy services pursuant to
406 the provisions of this section.

407 (2) "State facility electric services" means electric generation services,
408 implementation of electric conservation and load management
409 measures, such as electric demand response, and other services related
410 to the provision of electric service supplied to or used by facilities or
411 properties operated by any state agency, institution or department.
412 Such services do not include the provision or supply of electric
413 distribution services.

414 (b) Notwithstanding any other provision of the general statutes, to
415 better manage the costs of electricity, the state shall establish a
416 leadership role with respect to managing and controlling the costs of
417 state facilities and expand the use of conservation and load
418 management and energy efficiency measures for facilities owned or
419 operated by the state and the use of electricity consumed at such
420 facilities for the benefit of the state as a whole. State agencies and
421 institutions shall participate in an integrated energy purchasing and
422 efficiency program with the oversight of the Department of Public
423 Utility Control, pursuant to this section, which shall provide for the
424 consolidated purchasing of electricity by state agencies and
425 institutions, the coordinated deployment of innovative conservation
426 and load management and energy efficiency measures throughout the
427 facilities of state government and the coordination and joint
428 management and use of the electric infrastructure owned or operated
429 by state agencies or institutions as part of said program to achieve the
430 lowest possible total energy costs for the state. It is the intent of this
431 integrated energy purchasing and efficiency program to provide input

432 and information to the department to be incorporated into the state's
433 comprehensive plan for the procurement of energy resources,
434 including, but not limited to, conventional and renewable generating
435 facilities, energy efficiency, load management, demand response,
436 combined heat and power facilities and distributed generation to meet
437 the projected requirements of electric customers in a manner that
438 minimizes the cost of such resources to customers over time consistent
439 with the state's environmental goals and standards as set forth in
440 section 15 of this act.

441 (c) (1) The department may, pursuant to this section, negotiate and
442 enter into a contract for the supply of all or a portion of state facility
443 electric services to all facilities or properties operated by any state
444 agency, institution or department for a term not to exceed five years
445 with provision for annual renewal thereafter with a third-party,
446 possessing the requisite managerial, technical and financial capacity, as
447 determined by the department, to perform said contract during its
448 term. The department shall order the electric distribution companies to
449 consolidate all of the state facilities in their respective service areas into
450 a single consolidated combined account for purposes of billing
451 transmission and distribution services as a single coincident peak
452 demand. If the state facilities electric supply manager is a municipal
453 electric energy cooperative created pursuant to chapter 101a of the
454 general statutes, the electric distribution companies shall incorporate
455 the load of the state facilities into any existing agreements for
456 transmission and other related services under the terms of said
457 agreements. The department shall further order each electric
458 distribution company to implement, in whole or in part, on or before
459 January 1, 2008, such measures as the department and the state
460 facilities electric supply manager consider appropriate, including, but
461 not limited to, the installation of necessary smart metering,
462 communication equipment to be provided by the state facilities electric
463 supply manager and support of necessary permit filings as required.

464 (2) To fulfill the purposes of this section, the department may

465 perform all acts necessary for the negotiation, execution and
466 administration of said contract under the terms as set forth in
467 subsection (d) of this section and which are reasonably incidental to
468 and further the needs of the state and the purposes of this section. The
469 department shall cooperate with the state facilities electric supply
470 manager to determine the demand reduction and enhanced reliability
471 initiative opportunities to reduce federally mandated congestion
472 charges by maximizing the value of existing and new load curtailment
473 capability in combination or coordination with existing or new
474 distributed resources owned or operated by any state agency, and to
475 determine feasible options to establish the most desirable mechanism
476 to monitor electric load levels and hourly energy market prices and
477 initiate curtailment requests to achieve the objectives contemplated
478 pursuant to this section. As part of this cooperation, the department
479 shall determine the value of demand reduction at various reasonably
480 achievable levels and feasible demand bidding options in the markets
481 administered by the regional independent system operator to take
482 maximum cost advantage of demand side reductions in said markets.

483 (d) The contract with the state facility electric supply manager
484 entered into pursuant to subsection (c) of this section shall allow for
485 the consolidation of accounts for the purchase of electric generation
486 services and shall include requirements for the provision of electric
487 generation services by the state electric supply manager, procured at
488 wholesale either as an agent or supplier of such services and credited
489 against the state facility load, the deployment and utilization of energy
490 conservation and load management services, the deployment of
491 innovative and advanced metering at state facilities or properties, the
492 optimal utilization of state facility electric services in combination or
493 coordination with existing or new distributed resources owned or
494 operated by any state agency, the purchase or hedging of fuels used by
495 any distributed resources owned or operated by any state agency, and
496 the measurement and reporting of annual electric costs and benefits
497 associated with overall electric procurement strategies for the state and
498 each such state agency's or institution's implementation of energy

499 conservation and load management measures.

500 (e) Any costs incurred by the state in complying with the provisions
501 of this section, including, but not limited to, the costs incurred by the
502 electric supply manager, shall be paid from annual state
503 appropriations. The electric distribution companies shall be eligible to
504 recover any prudently incurred costs associated with their
505 implementation of the provisions of this section through their rates.

506 (f) Each budgeted state agency that installs and implements energy
507 conservation and load management measures at the direction of the
508 state electric supply manager may reallocate to its budget for the
509 succeeding fiscal year as determined by the official with executive
510 authority over such state agency from the amounts appropriated to
511 such agency for the purchase of electricity during any fiscal year. The
512 reallocation authorized by this subsection shall equal fifty per cent of
513 the annual net savings in electric costs, measured against the
514 applicable published standard service electric rates as determined by
515 section 16-244c of the general statutes, as amended by this act, incurred
516 with respect to the facility or property operated by each such budgeted
517 state agency resulting from installation and operation of such energy
518 conservation and load management measures.

519 (g) A municipal electric energy cooperative organized under
520 chapter 101a of the general statutes or a legal entity comprising a
521 project, as defined in subdivision (12) of section 7-233b of the general
522 statutes, owned or controlled by said municipal electric energy
523 cooperative, may act as the state facility electric supply manager,
524 pursuant to the provisions of this section, and may perform the
525 obligations of the contract authorized by this section and shall not
526 thereby become or be made subject to the provisions of section 16-245
527 of the general statutes notwithstanding any provision of the general
528 statutes; provided no provision of said contract shall require or
529 authorize said municipal electric energy cooperative to act in a manner
530 inconsistent or in conflict with the provisions of chapter 101a of the

531 general statutes, including any take or pay commitments made by said
532 cooperative with respect to the state facility electric services provided
533 under the contract entered pursuant to this section or to otherwise
534 impair or restrict its existing authorities or obligations under chapter
535 101a of the general statutes.

536 (h) In furtherance of the performance of its duties pursuant to the
537 provisions of this section, the department shall consult with the
538 Secretary of the Office of Policy and Management and the
539 Commissioner of the Department of Public Works.

540 Sec. 8. (NEW) (*Effective July 1, 2007*) As used in sections 8 to 10,
541 inclusive, of this act:

542 (1) "Enhanced demand side management initiatives" means demand
543 side dispatchable load management solutions, load shifting
544 technologies, demand side dispatchable emergency generation,
545 demand side renewable energy generation and energy efficient capital
546 equipment financed by a Connecticut electric efficiency partner.

547 (2) "Connecticut electric efficiency partner" means a company
548 formed for the purpose of providing enhanced demand side
549 management initiatives under the terms and conditions of a contract
550 approved by the Department of Public Utility Control between such
551 company and the electric distribution companies.

552 Sec. 9. (NEW) (*Effective July 1, 2007*) (a) On or before July 1, 2007, the
553 Department of Public Utility Control shall develop and issue a request
554 for proposals to solicit responses from a Connecticut electric efficiency
555 partner or partners for investments in enhanced demand side
556 management initiatives.

557 (b) The request for proposals developed and issued pursuant to
558 subsection (a) of this section shall include solicitations from a
559 Connecticut electric efficiency partner or partners to design, develop,
560 own, operate and maintain enhanced demand side management

561 initiatives.

562 (c) The department shall complete the evaluation of responses and
563 selection of a Connecticut electric efficiency partner or partners on or
564 before November 1, 2007. The department, at its discretion, shall
565 implement a second round of requests for proposals on or before July
566 1, 2008.

567 (d) Any proposal from a Connecticut electric efficiency partner shall
568 describe in detail the enhanced demand side management initiative to
569 be deployed, its target market, its cost to ratepayers and projected
570 load-reduction benefits. The department shall review and select cost-
571 effective proposals that target activities to areas not adequately
572 addressed and offer lasting beneficial changes in the market. The
573 department, in its evaluation process, shall determine whether a
574 company seeking to become a Connecticut electric efficiency partner
575 possesses demonstrated experience in demand side management
576 program implementation and demonstrated managerial competence.
577 No electric distribution company and no municipal electric utility may
578 retain greater than forty-nine per cent of the equity of any Connecticut
579 electric efficiency partner, and no electric distribution company and no
580 municipal electric utility may exert direct control over the operations
581 or budget of any Connecticut electric efficiency partner. The
582 department shall approve only those proposals that result in overall
583 system benefits and participating customer benefits that exceed the net
584 costs to ratepayers from the recovery of these costs in rates during the
585 life of the contract.

586 (e) Upon issuance of a Department of Public Utility Control decision
587 approving or modifying a proposal to become a Connecticut electric
588 efficiency partner, the Connecticut electric efficiency partner shall enter
589 into a contractual relationship with the electric distribution companies.
590 Any such contract shall address measures of effectiveness, shall
591 include performance milestones, and shall further include provisions
592 allowing for the right of the department, or its designated third-party

593 consultants, to audit the books and records of the Connecticut electric
594 efficiency partner, and to summon and examine, under oath, such
595 witnesses, and may direct the production of, and examine or cause to
596 be produced and examined, such books, records, vouchers,
597 memoranda, documents, letters, contracts or other papers in relation to
598 the affairs of such Connecticut electric efficiency partner as it may find
599 advisable, and shall have the same powers in reference thereto as are
600 vested in magistrates taking depositions. Such contract shall be for a
601 term of at least five years, and shall be renewable at the department's
602 option.

603 (f) The department, in its solicitation for proposals for enhanced
604 demand side management initiatives, shall establish the following
605 minimum investment goals: (1) For the calendar year 2008, one
606 hundred million dollars, (2) for the calendar year 2009, one hundred
607 fifty million dollars, (3) for the calendar year 2010, two hundred
608 million dollars, (4) for the calendar year 2011, two hundred fifty
609 million dollars, and (5) for the calendar year 2012, three hundred
610 million dollars.

611 (g) The department shall encourage in the request for proposal
612 process for enhanced demand side management initiatives from a
613 prospective Connecticut electric efficiency partner or partners
614 responses that include investments in Class I renewable resources.

615 (h) In the selection process, the department shall be required to
616 insure that no one technology, as defined as a Class I renewable
617 resource, shall account for a significant portion of the total investment
618 of Class I resource investments as a whole by all contracts for
619 enhanced demand side management initiatives in a given year.

620 Sec. 10. (NEW) (*Effective July 1, 2007*) (a) Proposals approved by the
621 Department of Public Utility Control with a Connecticut electric
622 efficiency partner or partners may include an authorization for an
623 electric distribution company or electric distribution companies, as
624 defined in section 16-1 of the general statutes, as amended by this act,

625 to release funds for the purpose of investing in the enhanced demand
626 side management initiative by the Connecticut electric efficiency
627 partner, including the cost of discounted financing, only if the
628 projected system benefits exceed the projected subsidy costs to
629 ratepayers. Any such funds expended by an electric distribution
630 company and a Connecticut electric efficiency partner shall be
631 recoverable from ratepayers at an equivalent return allowed on
632 transmission infrastructure investments. Electric distribution
633 companies may be eligible for an additional incremental rate of return,
634 based on the overall net system benefit created from the enhanced
635 demand side management initiatives, as determined by the
636 department.

637 (b) A Connecticut electric efficiency partner providing enhanced
638 demand side management initiatives through the use of discounted
639 financing to end users pursuant to this section shall, after receiving
640 approval from the department, enter into an agreement with an
641 electric distribution company for such company to provide billing
642 services with respect to the payments due to the Connecticut electric
643 efficiency partner from the person receiving the financing. The electric
644 distribution company shall recover all reasonable costs incurred in
645 implementing this subsection.

646 (c) An electric distribution company, through a Connecticut Energy
647 Efficiency Partner, may propose to the department the creation of a
648 capital-intensive enhanced demand side management financing
649 initiative. After review and approval by the department, an electric
650 distribution company may apply to the department for approval to
651 include such project in its rate base. The department shall review any
652 such application to ensure that the project (1) does not target areas
653 adequately addressed in the marketplace; (2) provides significant
654 system benefits; and (3) offers lasting beneficial changes in the market.
655 Such approval may include permission to defer recovery of such
656 investment to a future rate case.

657 Sec. 11. Subsection (a) of section 16-245l of the general statutes is
658 repealed and the following is substituted in lieu thereof (*Effective July*
659 *1, 2007*):

660 (a) The Department of Public Utility Control shall establish and each
661 electric distribution company shall collect a systems benefits charge to
662 be imposed against all end use customers of each electric distribution
663 company beginning January 1, 2000. The department shall hold a
664 hearing that shall be conducted as a contested case in accordance with
665 chapter 54 to establish the amount of the systems benefits charge. The
666 department may revise the systems benefits charge or any element of
667 said charge as the need arises. The systems benefits charge shall be
668 used to fund (1) the expenses of the public education outreach
669 program developed under subsections (a), (f) and (g) of section 16-
670 244d other than expenses for department staff, (2) the reasonable and
671 proper expenses of the education outreach consultant pursuant to
672 subsection (d) of section 16-244d, (3) the cost of hardship protection
673 measures under sections 16-262c and 16-262d and other hardship
674 protections, including, but not limited to, electric service bill payment
675 programs, funding and technical support for energy assistance, fuel
676 bank and weatherization programs and weatherization services, (4) the
677 payment program to offset tax losses described in section 12-94d, (5)
678 any sums paid to a resource recovery authority pursuant to subsection
679 (b) of section 16-243e, (6) low income conservation programs approved
680 by the Department of Public Utility Control, (7) displaced worker
681 protection costs, (8) unfunded storage and disposal costs for spent
682 nuclear fuel generated before January 1, 2000, approved by the
683 appropriate regulatory agencies, (9) postretirement safe shutdown and
684 site protection costs that are incurred in preparation for
685 decommissioning, (10) decommissioning fund contributions, (11) the
686 costs of temporary electric generation facilities incurred pursuant to
687 section 16-19ss, (12) operating expenses for the Connecticut Energy
688 Advisory Board, and (13) legal, appraisal and purchase costs of a
689 conservation or land use restriction and other related costs as the
690 department in its discretion deems appropriate, incurred by a

691 municipality on or before January 1, 2000, to ensure the environmental,
692 recreational and scenic preservation of any reservoir located within
693 this state created by a pump storage hydroelectric generating facility,
694 and funds released pursuant to section 10 of this act by an electric
695 distribution company to a Connecticut energy efficiency partner, as
696 defined in section 8 of this act. As used in this subsection, "displaced
697 worker protection costs" means the reasonable costs incurred, prior to
698 January 1, 2008, (A) by an electric supplier, exempt wholesale
699 generator, electric company, an operator of a nuclear power generating
700 facility in this state or a generation entity or affiliate arising from the
701 dislocation of any employee other than an officer, provided such
702 dislocation is a result of (i) restructuring of the electric generation
703 market and such dislocation occurs on or after July 1, 1998, or (ii) the
704 closing of a Title IV source or an exempt wholesale generator, as
705 defined in 15 USC 79z-5a, on or after January 1, 2004, as a result of
706 such source's failure to meet requirements imposed as a result of
707 sections 22a-197 and 22a-198 and this section or those Regulations of
708 Connecticut State Agencies adopted by the Department of
709 Environmental Protection, as amended from time to time, in
710 accordance with Executive Order Number 19, issued on May 17, 2000,
711 and provided further such costs result from either the execution of
712 agreements reached through collective bargaining for union
713 employees or from the company's or entity's or affiliate's programs
714 and policies for nonunion employees, and (B) by an electric
715 distribution company or an exempt wholesale generator arising from
716 the retraining of a former employee of an unaffiliated exempt
717 wholesale generator, which employee was involuntarily dislocated on
718 or after January 1, 2004, from such wholesale generator, except for
719 cause. "Displaced worker protection costs" includes costs incurred or
720 projected for severance, retraining, early retirement, outplacement,
721 coverage for surviving spouse insurance benefits and related expenses.
722 "Displaced worker protection costs" does not include those costs
723 included in determining a tax credit pursuant to section 12-217bb.

724 Sec. 12. Subsection (a) of section 16-41 of the general statutes is

725 repealed and the following is substituted in lieu thereof (*Effective July*
726 *1, 2007*):

727 (a) Each (1) public service company and its officers, agents and
728 employees, (2) electric supplier or person providing electric generation
729 services without a license in violation of section 16-245, and its officers,
730 agents and employees, (3) certified telecommunications provider or
731 person providing telecommunications services without authorization
732 pursuant to sections 16-247f to 16-247h, inclusive, and its officers,
733 agents and employees, (4) person, public agency or public utility, as
734 such terms are defined in section 16-345, subject to the requirements of
735 chapter 293, (5) person subject to the registration requirements under
736 section 16-258a, (6) cellular mobile telephone carrier, as described in
737 section 16-250b, [and] (7) Connecticut energy efficiency partner, as
738 defined in section 8 of this act, and (8) company, as defined in section
739 16-49, shall obey, observe and comply with all applicable provisions of
740 this title and each applicable order made or applicable regulations
741 adopted by the Department of Public Utility Control by virtue of this
742 title as long as the same remains in force. Any such company, electric
743 supplier, certified telecommunications provider, Connecticut energy
744 efficiency partner, cellular mobile telephone carrier, person, any
745 officer, agent or employee thereof, public agency or public utility
746 which the department finds has failed to obey or comply with any
747 such provision of this title, order or regulation shall be fined by order
748 of the department in accordance with the penalty prescribed for the
749 violated provision of this title or, if no penalty is prescribed, not more
750 than ten thousand dollars for each offense, except that the penalty shall
751 be a fine of not more than forty thousand dollars for failure to comply
752 with an order of the department made in accordance with the
753 provisions of section 16-19 or 16-247k or within thirty days of such
754 order or within any specific time period for compliance specified in
755 such order. Each distinct violation of any such provision of this title,
756 order or regulation shall be a separate offense and, in case of a
757 continued violation, each day thereof shall be deemed a separate
758 offense. Each such penalty and any interest charged pursuant to

759 subsection (g) or (h) of section 16-49 shall be excluded from operating
760 expenses for purposes of rate-making.

761 Sec. 13. (NEW) (*Effective July 1, 2007*) The Department of Public
762 Utility Control, in consultation with the Office of Consumer Counsel,
763 shall implement a public education outreach program to inform
764 electric ratepayers about the various programs and options available to
765 them. These include, but are not limited to, the choice of alternative
766 electric suppliers; the range of energy efficiency products and options
767 available; time of use rates and customer-side distributed generation
768 programs. The department may retain the use of a consultant in
769 accordance with section 16-18a of the general statutes, as amended by
770 this act, to implement the outreach program. The reasonable and
771 proper expenses for retaining the consultant and implementing the
772 outreach program shall be reimbursed through the systems benefits
773 charge as provided in subsection (b) of said section 16-18a.

774 Sec. 14. Subsection (b) of section 16-18a of the general statutes is
775 repealed and the following is substituted in lieu thereof (*Effective July*
776 *1, 2007*):

777 (b) The Department of Public Utility Control may retain consultants
778 to assist in [developing and implementing the] the implementation of a
779 public education outreach program pursuant to section [16-244d,
780 provided the authorization to retain such consultants shall expire
781 December 31, 2005, and provided further the reasonable and proper
782 expenses for such services shall not exceed three hundred fifty
783 thousand dollars in the aggregate] 12 of this act. All reasonable and
784 proper expenses [accrued prior to January 1, 2000,] of the program
785 shall be borne by electric companies or electric distribution companies,
786 as the case may be. [After the systems benefits charge begins to be
787 collected on January 1, 2000, pursuant to section 16-245l, as amended
788 by this act, such companies shall recover those expenses that have been
789 accrued by the companies up until said date through the systems
790 benefits charge. On and after January 1, 2000, all reasonable and

791 proper expenses shall be assessed directly through the systems benefits
792 charge.] These costs shall in turn be reimbursed to the electric
793 companies or electric distribution companies through the systems
794 benefits charge.

795 Sec. 15. (NEW) (*Effective July 1, 2007*) On or before September 1,
796 2007, the Commissioners of Public Utility Control and Environmental
797 Protection shall enter into a collaborative memorandum of
798 understanding allowing for the timely permitting and operation of
799 emergency electric generation resources as dispatchable resources
800 available to participate in the locational Forward Reserve Market
801 administered by the regional independent system operator and the
802 installation of pollution control equipment or measures as deemed
803 appropriate on such resources and the timely coordination of such
804 installation and any necessary regulatory reviews and approvals. The
805 objectives of the collaborative memorandum of understanding shall be
806 to maximize the savings to the state's electric ratepayers and to benefit
807 the state's economy as a whole, while recognizing the agencies' mutual
808 goals of promoting a healthy economy by reducing the cost of
809 electricity while preserving and improving the environment. The
810 memorandum shall recognize that electric reliability charges in
811 Connecticut largely arise because the regional independent system
812 operator has determined that all electric generation in the state is
813 needed to meet operational reliability requirements of the
814 interconnected electric system and there is insufficient "quick start"
815 electric generation capacity within the state to allow the system to
816 recover from contingency outages of large generating units or
817 transmission lines and further recognize that entities with operations
818 within the state have registered with the Department of Environmental
819 Protection a significant number of resources able to synchronize to the
820 transmission grid and commence the generation of electricity within
821 thirty minutes or less of a request, where the regional independent
822 system operator currently does not recognize such resources because
823 they are not represented in the energy management system
824 administered. The commissioners of the respective state agencies shall

825 incorporate into and include for consideration in the collaborative
826 memorandum of understanding an estimation of the emissions
827 reductions resulting from not using steam driven fossil fueled
828 generating units in a reserve and spinning status to meet the quick
829 start generating needs of the state, the estimated emissions from the
830 use of emergency generation operating under the locational forward
831 reserve markets of the regional independent system operator, adds
832 to the dispatch price of the emergency electric generating resources
833 associated with any incremental environmental emissions from such
834 facilities and the feasibility of actions required and estimated costs to
835 remediate some portion of such emergency generation to comply with
836 Connecticut air quality requirements in conformance with federal and
837 regional clean air standards. On or before September 1, 2007, and upon
838 any additional modification to such memorandum of understanding,
839 said commissioners shall report on the actions and measures taken
840 pursuant to the memorandum of understanding directed by this
841 section to the joint standing committees of the General Assembly
842 having cognizance of matters relating to energy and the environment
843 in accordance with the provisions of section 11-4 of the general
844 statutes.

845 Sec. 16. (NEW) (*Effective from passage*) (a) Notwithstanding the
846 provisions of title 22a of the general statutes, the Department of
847 Environmental Protection shall review and issue a final decision no
848 later than ninety days following the submission of a complete and
849 accurate application with respect to each permit application filed with
850 said department on or after May 1, 2007, and not later than January 1,
851 2010, which is required for the installation of emergency electric
852 generation and distributed resources, as defined in section 16-1 of the
853 general statutes, as amended by this act, to be offered in the locational
854 forward reserve market including systems that utilize fossil fuels as
855 the primary fuel source. Any such permit issued as directed by this
856 section shall have a term of no less than three years.

857 (b) The Department of Environmental Protection shall notify the

858 Department of Public Utility Control not later than August 1, 2007, of
859 the acceptable pollution control equipment or measures applicable to
860 the various types of emergency electric generation resources that may
861 participate in the locational forward reserve market.

862 Sec. 17. (NEW) (*Effective from passage*) (a) Not later than June 1, 2007,
863 each electric distribution company shall file with the Department of
864 Public Utility Control, for review, a new plan by which each company
865 proposes to procure electric generation services contracts for standard
866 service. Each company's filed plan shall address, at a minimum, the
867 following: (1) The potential benefits of various types of service
868 contracts such as full requirements, unit specific, and block power
869 purchases and how the plan uses all available types of service
870 contracts to produce just, reasonable and reasonably stable retail rates,
871 (2) the potential benefits of various term lengths for service contracts
872 and how the plan uses all available term lengths for service contracts
873 to create the most cost-effective portfolio, (3) the potential benefits of
874 procuring service contracts separately for particular times of use or
875 seasons and how the plan uses the option of procuring service
876 contracts separately for particular times of use or seasons to create the
877 most cost-effective portfolio, (4) the impact on price of the timing of
878 service contract procurement and how the plan addresses and
879 mitigates any adverse price impacts related to the timing of
880 procurements, (5) the potential benefits of procuring service contracts
881 separately for different customer classes and how the plan uses the
882 option of procuring service contracts separately for different customer
883 classes to create the most cost-effective portfolio, (6) the manner in
884 which the competing needs of systematic process transparency and
885 flexibility in the procurement of service contracts are balanced in the
886 proposed plan, and (7) the need for a third party portfolio entity to
887 acquire and administer the most cost-effective portfolio and the
888 potential net benefit of such a entity. The plan shall also address the
889 relationship between any capacity contracts obtained pursuant to
890 section 16-243m of the general statutes, as amended by this act, any
891 long-term renewable energy contracts obtained pursuant to subsection

892 (j) of section 16-244c of the general statutes, and any existing
893 independent power producer contracts held by the electric distribution
894 companies and the service contracts obtained under the proposed plan
895 and how the plan will make cost-effective use of any such resources.
896 Each plan shall address each requirement, identify those provisions of
897 the plan that address each requirement and demonstrate the manner in
898 which the identified provisions will work to meet each requirement.
899 The department shall approve or modify each such plan on or before
900 October 1, 2007.

901 (b) The department shall, on a quarterly basis, conduct an
902 assessment to determine the percentage of load served by each
903 competitive electric supplier in each electric distribution company's
904 service area. Not less than two months before the delivery date of any
905 standard service contract, the department shall make available to all
906 competitive electric suppliers the output of standard service contracts
907 entered into by the electric distribution companies. The quantity of
908 output available to each competitive electric supplier shall be based
909 upon each competitive electric supplier's share of load in each electric
910 distribution company's service area.

911 Sec. 18. Section 16-243a of the general statutes is amended by adding
912 subsection (h) as follows (*Effective October 1, 2007*):

913 (NEW) (h) Not later than January 1, 2008, the Department of Public
914 Utility Control shall adopt regulations, in accordance with the
915 provisions of chapter 54, containing interconnection standards that
916 promote the policies of this section and meet or exceed national
917 standards of interconnectivity. If the department does not adopt
918 regulations by October 1, 2008, each electric distribution company,
919 municipal electric energy cooperative and municipal electric utility
920 shall meet the standards set forth in Title 4, Chapter 4, Subchapter 9,
921 "Net Metering and Interconnection Standards for Class I Renewable
922 Energy Systems" of the New Jersey Administrative Code.

923 Sec. 19. Section 16-243h of the general statutes is repealed and the

924 following is substituted in lieu thereof (*Effective October 1, 2007*):

925 On and after January 1, 2000, each electric supplier or any electric
926 distribution company providing standard offer, transitional standard
927 offer, standard service or back-up electric generation service, pursuant
928 to section 16-244c, as amended by this act, shall give a credit for any
929 electricity generated by a [residential] customer from a Class I
930 renewable energy source or a hydropower facility that has a nameplate
931 capacity rating of two megawatts or less. The electric distribution
932 company providing electric distribution services to such a customer
933 shall make such interconnections necessary to accomplish such
934 purpose. An electric distribution company, at the request of any
935 residential customer served by such company and if necessary to
936 implement the provisions of this section, shall provide for the
937 installation of metering equipment that (1) measures electricity
938 consumed by such customer from the facilities of the electric
939 distribution company, (2) deducts from the measurement the amount
940 of electricity produced by the customer and not consumed by the
941 customer, and (3) registers, for each billing period, the net amount of
942 electricity either (A) consumed and produced by the customer, or (B)
943 the net amount of electricity produced by the customer. If, in a given
944 monthly billing period, a customer-generator supplies more electricity
945 to the electric distribution system than the electric distribution
946 company or electric supplier delivers to the customer-generator, the
947 electric distribution company and electric supplier shall credit the
948 customer-generator for the excess by reducing the customer-
949 generator's bill for the next monthly billing period to compensate for
950 the excess electricity from the customer-generator in the previous
951 billing period. The electric distribution company and electric supplier
952 shall carry over the credits earned from monthly billing period to
953 monthly billing period, and the credits shall accumulate until the end
954 of the annualized period. At the end of each annualized period, the
955 electric distribution company and electric supplier shall compensate
956 the customer-generator for any excess kilowatt-hours generated, at the
957 avoided cost of wholesale power. A [residential] customer who

958 generates electricity from a generating unit with a name plate capacity
959 of more than ten kilowatts of electricity pursuant to the provisions of
960 this section shall be assessed for the competitive transition assessment,
961 pursuant to section 16-245g and the systems benefits charge, pursuant
962 to section 16-245l, as amended by this act, based on the amount of
963 electricity consumed by the customer from the facilities of the electric
964 distribution company without netting any electricity produced by the
965 customer. For purposes of this section, "residential customer" means a
966 customer of a single-family dwelling or multifamily dwelling
967 consisting of two to four units.

968 Sec. 20. Subdivision (57) of section 12-81 of the general statutes is
969 repealed and the following is substituted in lieu thereof (*Effective*
970 *October 1, 2007, and applicable to assessment years commencing on or after*
971 *October 1, 2007*):

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

981 (b) Any person claiming the exemption provided in this subdivision
982 for any assessment year shall, on or before the first day of November
983 in such assessment year, file with the assessor or board of assessors in
984 the town in which such hydropower facility, Class I renewable energy
985 source, or passive or active solar water or space heating system or
986 geothermal energy resource is located, written application claiming
987 such exemption. Failure to file such application in the manner and
988 form as provided by such assessor or board within the time limit
989 prescribed shall constitute a waiver of the right to such exemption for

990 such assessment year. Such application shall not be required for any
991 assessment year following that for which the initial application is filed,
992 provided if such hydropower facility, Class I renewable energy source,
993 or passive or active solar water or space heating system or geothermal
994 energy resource is altered in a manner which would require a building
995 permit, such alteration shall be deemed a waiver of the right to such
996 exemption until a new application, applicable with respect to such
997 altered source, is filed and the right to such exemption is established as
998 required initially.

999 Sec. 21. Section 20-340 of the general statutes is repealed and the
1000 following is substituted in lieu thereof (*Effective from passage*):

1001 The provisions of this chapter shall not apply to: (1) Persons
1002 employed by any federal, state or municipal agency; (2) employees of
1003 any public service company regulated by the Department of Public
1004 Utility Control or of any corporate affiliate of any such company when
1005 the work performed by such affiliate is on behalf of a public service
1006 company, but in either case only if the work performed is in
1007 connection with the rendition of public utility service, including the
1008 installation or maintenance of wire for community antenna television
1009 service, or is in connection with the installation or maintenance of wire
1010 or telephone sets for single-line telephone service located inside the
1011 premises of a consumer; (3) employees of any municipal corporation
1012 specially chartered by this state; (4) employees of any contractor while
1013 such contractor is performing electrical-line or emergency work for
1014 any public service company; (5) persons engaged in the installation,
1015 maintenance, repair and service of electrical or other appliances of a
1016 size customarily used for domestic use where such installation
1017 commences at an outlet receptacle or connection previously installed
1018 by persons licensed to do the same and maintenance, repair and
1019 service is confined to the appliance itself and its internal operation; (6)
1020 employees of industrial firms whose main duties concern the
1021 maintenance of the electrical work, plumbing and piping work, solar
1022 thermal work, heating, piping, cooling work, sheet metal work,

1023 elevator installation, repair and maintenance work, automotive glass
1024 work or flat glass work of such firm on its own premises or on
1025 premises leased by it for its own use; (7) employees of industrial firms
1026 when such employees' main duties concern the fabrication of glass
1027 products or electrical, plumbing and piping, fire protection sprinkler
1028 systems, solar, heating, piping, cooling, chemical piping, sheet metal or
1029 elevator installation, repair and maintenance equipment used in the
1030 production of goods sold by industrial firms, except for products,
1031 electrical, plumbing and piping systems and repair and maintenance
1032 equipment used directly in the production of a product for human
1033 consumption; (8) persons performing work necessary to the
1034 manufacture or repair of any apparatus, appliances, fixtures,
1035 equipment or devices produced by it for sale or lease; (9) employees of
1036 stage and theatrical companies performing the operation, installation
1037 and maintenance of electrical equipment if such installation
1038 commences at an outlet receptacle or connection previously installed
1039 by persons licensed to make such installation; (10) employees of
1040 carnivals, circuses or similar transient amusement shows who install
1041 electrical work, provided such installation shall be subject to the
1042 approval of the State Fire Marshal prior to use as otherwise provided
1043 by law and shall comply with applicable municipal ordinances and
1044 regulations; (11) persons engaged in the installation, maintenance,
1045 repair and service of glass or electrical, plumbing, fire protection
1046 sprinkler systems, solar, heating, piping, cooling and sheet metal
1047 equipment in and about single-family residences owned and occupied
1048 or to be occupied by such persons; provided any such installation,
1049 maintenance and repair shall be subject to inspection and approval by
1050 the building official of the municipality in which such residence is
1051 located and shall conform to the requirements of the State Building
1052 Code; (12) persons who install, maintain or repair glass in a motor
1053 vehicle owned or leased by such persons; (13) persons or entities
1054 holding themselves out to be retail sellers of glass products, but not
1055 such persons or entities that also engage in automotive glass work or
1056 flat glass work; (14) persons who install preglazed or preassembled

1057 windows or doors in residential or commercial buildings; (15) persons
1058 registered under chapter 400 who install safety-backed mirror
1059 products or repair or replace flat glass in sizes not greater than thirty
1060 square feet in residential buildings; [and] (16) sheet metal work
1061 performed in residential buildings consisting of six units or less by
1062 new home construction contractors registered pursuant to chapter
1063 399a, by home improvement contractors registered pursuant to chapter
1064 400 or by persons licensed pursuant to this chapter, when such work is
1065 limited to exhaust systems installed for hoods and fans in kitchens and
1066 baths, clothes dryer exhaust systems, radon vent systems, fireplaces,
1067 fireplace flues, masonry chimneys or prefabricated metal chimneys
1068 rated by the Underwriter's Laboratory or installation of stand-alone
1069 appliances including wood, pellet or other stand-alone stoves that are
1070 installed in residential buildings by such contractors or persons; and
1071 (17) employees of or any contractor employed by and under the
1072 direction of a properly licensed solar contractor, performing work
1073 limited to the hoisting, placement and anchoring of solar collectors,
1074 photovoltaic panels, towers or turbines.

1075 Sec. 22. Section 12-412 of the general statutes is amended by adding
1076 subdivisions (117) and (118) as follows (*Effective July 1, 2007, and*
1077 *applicable to sales occurring on or after July 1, 2007*):

1078 (NEW) (117) Sales of solar energy electricity generating systems and
1079 passive or active solar water or space heating systems and geo-thermal
1080 resource systems, including equipment related to such systems, and
1081 sales of services relating to the installation of such systems.

1082 (NEW) (118) Sales of ice storage systems used for cooling, including
1083 equipment related to such systems, and sales of services relating to the
1084 installation of such systems by a utility ratepayer who is billed by such
1085 utility on a time-of-service metering basis.

1086 Sec. 23. Subsection (a) of section 16-245e of the general statutes is
1087 amended by adding subdivisions (14) to (18), inclusive, as follows
1088 (*Effective from passage*):

1089 (NEW) (14) "State rate reduction bonds" means the rate reduction
1090 bonds issued on June 23, 2004, by the state to sustain funding of
1091 conservation and load management and renewable energy investment
1092 programs by substituting for disbursements to the General Fund from
1093 the Energy Conservation and Load Management Fund, established by
1094 section 16-245m, as amended by this act, and from the Renewable
1095 Energy Investment Fund, established by section 16-245n. The state rate
1096 reduction bonds for the purposes of section 4-30a shall be deemed to
1097 be outstanding indebtedness of the state;

1098 (NEW) (15) "Operating expenses" in connection with the state rate
1099 reduction bonds, means (A) all expenses, costs and liabilities of the
1100 state or the trustee incurred in connection with the administration or
1101 payment of the state rate reduction bonds or in discharge of its
1102 obligations and duties under the state rate reduction bonds or bond
1103 documents, expenses and other costs and expenses arising in
1104 connection with the state rate reduction bonds or pursuant to the
1105 financing order providing for the issuance of such bonds including any
1106 arbitrage rebate and penalties payable under the code in connection
1107 with such bonds, and (B) all fees and expenses payable or disburseable
1108 to the servicers or others under the bond documents;

1109 (NEW) (16) "Bond documents" means, in connection with the state
1110 rate reduction bonds, the following documents: The servicing
1111 agreements, the tax compliance agreement and certificate, and the
1112 continuing disclosure agreement entered into in connection with the
1113 state rate reduction bonds and the indenture;

1114 (NEW) (17) "Indenture" means, in connection with the state rate
1115 reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and
1116 between the state and the trustee, as amended from time to time; and

1117 (NEW) (18) "Trustee" means in connection with the state rate
1118 reduction bonds the trustee appointed under the indenture.

1119 Sec. 24. Section 16-245e of the general statutes is amended by adding

1120 subsection (l) as follows (*Effective from passage*):

1121 (NEW) (l) The sum of ninety-five million dollars is appropriated to
1122 the Treasurer, from the General Fund, for the fiscal year ending June
1123 30, 2007, for the purpose of (1) defeasing the rate reduction bonds
1124 maturing after December 30, 2007, by irrevocably depositing with the
1125 bond trustee in trust such appropriation to be used for the scheduled
1126 payments of principal and interest on the said rate reduction bonds
1127 and paying operating expenses, (2) if the Treasurer determines it to be
1128 in the state's best interest, purchasing state rate reduction bonds
1129 maturing after December 30, 2007, in the open market on such terms
1130 and conditions as the Treasurer determines to be in the best interest of
1131 the state for purposes of satisfying such bonds, or (3) defeasing or
1132 satisfying the rate reduction bonds maturing after December 30, 2007,
1133 by a combination of the methods described in subdivisions (1) and (2)
1134 of this subsection. Such appropriation is for the purpose of paying debt
1135 service on bonds or other evidences of indebtedness and related costs
1136 and expenses provided for in the indenture. After the defeasance or
1137 satisfaction of all outstanding rate reduction bonds, the trustee shall
1138 deliver to the Treasurer or apply in accordance with the instructions of
1139 the Treasurer all moneys held by it not necessary to defease or satisfy
1140 such bonds or allocated to pay operating expenses. Such funds shall be
1141 first applied to satisfy any unpaid operating expenses. After payment
1142 of the operating expenses, seventy-five per cent of any remaining
1143 amounts shall be paid to the Energy Conservation and Load
1144 Management Fund, established pursuant to section 16-245m, as
1145 amended by this act, and twenty-five per cent of such remaining
1146 amount shall be paid to the Renewable Energy Investment Fund,
1147 established pursuant to section 16-245n. The Treasurer and the finance
1148 authority have the authority to take any necessary and appropriate
1149 actions to implement the defeasance or satisfaction of the rate
1150 reduction bonds and the payment of all operating expenses so that the
1151 amount of rate reduction charges which before defeasance secured the
1152 rate reduction bonds can be applied to the Energy Conservation and
1153 Load Management Fund and the Renewable Energy Investment Fund.

1154 Sec. 25. (*Effective July 1, 2007*) (a) For the purposes described in
1155 subsection (b) of this section, the State Bond Commission shall have
1156 the power, from time to time, to authorize the issuance of bonds of the
1157 state in one or more series and in principal amounts not exceeding in
1158 the aggregate thirty million dollars.

1159 (b) The proceeds of the sale of said bonds, to the extent of the
1160 amount stated in subsection (a) of this section, shall be used by
1161 Connecticut Innovations, Incorporated, for the purpose of funding the
1162 net project costs, or the balance of any projects after applying any
1163 public or private financial incentives available, for any renewable
1164 energy projects in state buildings. The funds shall be made available
1165 through the Renewable Energy Investment Fund, established pursuant
1166 to section 16-245n of the general statutes. Eligible state buildings shall
1167 be Leadership in Energy and Environmental Design (LEED) certified
1168 or in the process of becoming LEED certified.

1169 (c) All provisions of section 3-20 of the general statutes, or the
1170 exercise of any right or power granted thereby, which are not
1171 inconsistent with the provisions of this section are hereby adopted and
1172 shall apply to all bonds authorized by the State Bond Commission
1173 pursuant to this section, and temporary notes in anticipation of the
1174 money to be derived from the sale of any such bonds so authorized
1175 may be issued in accordance with said section 3-20 and from time to
1176 time renewed. Such bonds shall mature at such time or times not
1177 exceeding twenty years from their respective dates as may be provided
1178 in or pursuant to the resolution or resolutions of the State Bond
1179 Commission authorizing such bonds. None of said bonds shall be
1180 authorized except upon a finding by the State Bond Commission that
1181 there has been filed with it a request for such authorization which is
1182 signed by or on behalf of the Secretary of the Office of Policy and
1183 Management and states such terms and conditions as said commission,
1184 in its discretion, may require. Said bonds issued pursuant to this
1185 section shall be general obligations of the state and the full faith and
1186 credit of the state of Connecticut are pledged for the payment of the

1187 principal of and interest on said bonds as the same become due, and
1188 accordingly and as part of the contract of the state with the holders of
1189 said bonds, appropriation of all amounts necessary for punctual
1190 payment of such principal and interest is hereby made, and the State
1191 Treasurer shall pay such principal and interest as the same become
1192 due.

1193 Sec. 26. (NEW) (*Effective from passage*) (a) On or before January 1,
1194 2008, the Department of Public Utility Control shall conduct and
1195 complete an evaluation needs assessment for baseload generation
1196 located in the state. The department shall have discretion to retain
1197 third-party consultants to assist in the preparation of the evaluation
1198 pursuant to this subsection.

1199 (b) The evaluation conducted and completed pursuant to subsection
1200 (a) of this section shall include, but not be limited to, an assessment of
1201 the least cost per kilowatt hour generation and delivery options to
1202 Connecticut consumers.

1203 (c) Upon completion of the evaluation conducted pursuant to this
1204 section, the department shall present its findings to the joint standing
1205 committee of the General Assembly having cognizance of matters
1206 relating to energy.

1207 Sec. 27. Subdivision (44) of subsection (a) of section 16-1 of the
1208 general statutes is repealed and the following is substituted in lieu
1209 thereof (*Effective July 1, 2007*):

1210 (44) "Class III renewable energy source" means (1) the electricity
1211 output from combined heat and power systems with an operating
1212 efficiency level of no less than fifty per cent that are part of customer-
1213 side distributed resources developed at commercial and industrial
1214 facilities in this state on or after January 1, 2006, [or] (2) the electricity
1215 savings created at commercial and industrial facilities in this state from
1216 conservation and load management programs begun on or after
1217 January 1, 2006, or (3) the electricity output from combined heat and

1218 power systems that increase by no less than ten per cent of the
1219 operating efficiency level of a baseload generating facility developed in
1220 this state on or after January 1, 2006.

1221 Sec. 28. Subsection (a) of section 16-243q of the general statutes is
1222 repealed and the following is substituted in lieu thereof (*Effective July*
1223 *1, 2007*):

1224 (a) On and after January 1, 2007, each electric distribution company
1225 providing standard service pursuant to section 16-244c, as amended by
1226 this act, and each electric supplier as defined in section 16-1, as
1227 amended by this act, shall demonstrate to the satisfaction of the
1228 Department of Public Utility Control that not less than one per cent of
1229 the total output of such supplier or such standard service of an electric
1230 distribution company shall be obtained from Class III resources. On
1231 and after January 1, 2008, not less than [two] three per cent of the total
1232 output of any such supplier or such standard service of an electric
1233 distribution company shall, on demonstration satisfactory to the
1234 Department of Public Utility Control, be obtained from Class III
1235 resources. On or after January 1, 2009, not less than [three] four per
1236 cent of the total output of any such supplier or such standard service of
1237 an electric distribution company shall, on demonstration satisfactory to
1238 the Department of Public Utility Control, be obtained from Class III
1239 resources. On and after January 1, 2010, not less than [four] five per
1240 cent of the total output of any such supplier or such standard service of
1241 an electric distribution company shall, on demonstration satisfactory to
1242 the Department of Public Utility Control, be obtained from Class III
1243 resources. On and after January 1, 2011, not less than six per cent of the
1244 total output of any such supplier or such standard service of an electric
1245 distribution company shall, on demonstration satisfactory to the
1246 Department of Public Utility Control, be obtained from Class III
1247 resources. Electric power obtained from customer-side distributed
1248 resources that does not meet air quality standards of the Department
1249 of Environmental Protection is not eligible for purposes of meeting the
1250 percentage standards in this section.

1251 Sec. 29. Subsection (c) of section 16-244c of the general statutes is
1252 repealed and the following is substituted in lieu thereof (*Effective July*
1253 *1, 2007*):

1254 (c) (1) On and after January 1, 2007, each electric distribution
1255 company shall provide electric generation services through standard
1256 service to any customer who (A) does not arrange for or is not
1257 receiving electric generation services from an electric supplier, and (B)
1258 does not use a demand meter or has a maximum demand of less than
1259 [five hundred] three hundred fifty kilowatts.

1260 (2) Not later than October 1, 2006, and periodically as required by
1261 subdivision (3) of this subsection, but not more often than every
1262 calendar quarter, the Department of Public Utility Control shall
1263 establish the standard service price for such customers pursuant to
1264 subdivision (3) of this subsection. Each electric distribution company
1265 shall recover the actual net costs of procuring and providing electric
1266 generation services pursuant to this subsection, provided such
1267 company mitigates the costs it incurs for the procurement of electric
1268 generation services for customers who are no longer receiving service
1269 pursuant to this subsection.

1270 (3) An electric distribution company providing electric generation
1271 services pursuant to this subsection shall mitigate the variation of the
1272 price of the service offered to its customers by procuring electric
1273 generation services contracts in the manner prescribed in a plan
1274 approved by the department. Such plan shall require the procurement
1275 of a portfolio of service contracts sufficient to meet the projected load
1276 of the electric distribution company. Such plan shall require that the
1277 portfolio of service contracts be procured in an overlapping pattern of
1278 fixed periods at such times and in such manner and duration as the
1279 department determines to be most likely to produce just, reasonable
1280 and reasonably stable retail rates while reflecting underlying
1281 wholesale market prices over time. The portfolio of contracts shall be
1282 assembled in such manner as to invite competition; guard against

1283 favoritism, improvidence, extravagance, fraud and corruption; and
1284 secure a reliable electricity supply while avoiding unusual, anomalous
1285 or excessive pricing. The portfolio of contracts procured under such
1286 plan shall be for terms of not less than six months, provided contracts
1287 for shorter periods may be procured under such conditions as the
1288 department shall prescribe to (A) ensure the lowest rates possible for
1289 end-use customers; (B) ensure reliable service under extraordinary
1290 circumstances; and (C) ensure the prudent management of the contract
1291 portfolio. An electric distribution company may receive a bid for an
1292 electric generation services contract from any of its generation entities
1293 or affiliates, provided such generation entity or affiliate submits its bid
1294 the business day preceding the first day on which an unaffiliated
1295 electric supplier may submit its bid and further provided the electric
1296 distribution company and the generation entity or affiliate are in
1297 compliance with the code of conduct established in section 16-244h.

1298 (4) The department, in consultation with the Office of Consumer
1299 Counsel, shall retain the services of a third-party entity with expertise
1300 in the area of energy procurement to oversee the initial development of
1301 the request for proposals and the procurement of contracts by an
1302 electric distribution company for the provision of electric generation
1303 services offered pursuant to this subsection. Costs associated with the
1304 retention of such third-party entity shall be included in the cost of
1305 electric generation services that is included in such price.

1306 (5) Each bidder for a standard service contract shall submit its bid to
1307 the electric distribution company and the third-party entity who shall
1308 jointly review the bids and submit an overview of all bids together
1309 with a joint recommendation to the department as to the preferred
1310 bidders. The department may, within ten business days of submission
1311 of the overview, reject the recommendation regarding preferred
1312 bidders. In the event that the department rejects the preferred bids, the
1313 electric distribution company and the third-party entity shall rebid the
1314 service pursuant to this subdivision.

1315 Sec. 30. (NEW) (*Effective July 1, 2007*) A municipal electric utility
 1316 shall contribute a pro rata share of the one-time awards made to
 1317 customer-side distributed resources made pursuant to subsection (a) of
 1318 section 16-243i of the general statutes in order for customers in its
 1319 service area to qualify for such awards. The Department of Public
 1320 Utility Control shall conduct an uncontested case proceeding to
 1321 determine the municipal electric utility's pro rata share. Said pro rata
 1322 share shall be based on the proportion of the aggregate annual
 1323 kilowatt hours of electricity sold by the municipal electric utilities in
 1324 the state to retail customers as a percentage of the total annual kilowatt
 1325 hours of electricity sold in the state. The pro rata share that is not paid
 1326 by the municipal electric utilities shall be recovered through federally
 1327 mandated congestion charges in nonmunicipal electric utility service
 1328 areas and shall be paid in equal semi-annual payments for a period of
 1329 not more than five years.

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>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>January 1, 2008</i>	16-244c
Sec. 5	<i>January 1, 2008</i>	16-245m
Sec. 6	<i>July 1, 2007</i>	16-244c(e)
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>July 1, 2007</i>	New section
Sec. 9	<i>July 1, 2007</i>	New section
Sec. 10	<i>July 1, 2007</i>	New section
Sec. 11	<i>July 1, 2007</i>	16-245l(a)
Sec. 12	<i>July 1, 2007</i>	16-41(a)
Sec. 13	<i>July 1, 2007</i>	New section
Sec. 14	<i>July 1, 2007</i>	16-18a(b)
Sec. 15	<i>July 1, 2007</i>	New section
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>from passage</i>	New section
Sec. 18	<i>October 1, 2007</i>	16-243a
Sec. 19	<i>October 1, 2007</i>	16-243h

Sec. 20	<i>October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	12-81(57)
Sec. 21	<i>from passage</i>	20-340
Sec. 22	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-412
Sec. 23	<i>from passage</i>	16-245e(a)
Sec. 24	<i>from passage</i>	16-245e
Sec. 25	<i>July 1, 2007</i>	New section
Sec. 26	<i>from passage</i>	New section
Sec. 27	<i>July 1, 2007</i>	16-1(a)(44)
Sec. 28	<i>July 1, 2007</i>	16-243q(a)
Sec. 29	<i>July 1, 2007</i>	16-244c(c)
Sec. 30	<i>July 1, 2007</i>	New section

Statement of Purpose:

To help Connecticut ratepayers reduce their monthly electricity expenses.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]