



General Assembly

January Session, 2007

**Amendment**

LCO No. 8351

**\*HB0709808351HDO\***

Offered by:

REP. FONTANA, 87<sup>th</sup> Dist.  
REP. NARDELLO, 89<sup>th</sup> Dist.  
REP. ABERCROMBIE, 83<sup>rd</sup> Dist.  
REP. ALDARONDO, 75<sup>th</sup> Dist.  
REP. ARESIMOWICZ, 30<sup>th</sup> Dist.  
REP. AYALA, 128<sup>th</sup> Dist.  
REP. BARTLETT, 2<sup>nd</sup> Dist.  
REP. BOUKUS, 22<sup>nd</sup> Dist.  
REP. BUTLER, 72<sup>nd</sup> Dist.  
REP. CANDELARIA, 95<sup>th</sup> Dist.  
REP. CARUSO, 126<sup>th</sup> Dist.  
REP. CHRISTIANO, 134<sup>th</sup> Dist.  
REP. FAWCETT, 133<sup>rd</sup> Dist.  
REP. FLEISCHMANN, 18<sup>th</sup> Dist.  
REP. GENGA, 10<sup>th</sup> Dist.  
REP. GERAGOSIAN, 25<sup>th</sup> Dist.  
REP. GONZALEZ, 3<sup>rd</sup> Dist.  
REP. HAMM, 34<sup>th</sup> Dist.  
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REP. HEWETT, 39<sup>th</sup> Dist.  
REP. HURLBURT, 53<sup>rd</sup> Dist.  
REP. KEHOE, 31<sup>st</sup> Dist.  
REP. LEWIS, 8<sup>th</sup> Dist.  
REP. MCCLUSKEY, 20<sup>th</sup> Dist.  
REP. MCMAHON, 15<sup>th</sup> Dist.  
REP. MEGNA, 97<sup>th</sup> Dist.  
REP. MERRILL, 54<sup>th</sup> Dist.  
REP. MIOLI, 136<sup>th</sup> Dist.

REP. MORRIS, 140<sup>th</sup> Dist.  
REP. MUSHINSKY, 85<sup>th</sup> Dist.  
REP. NAFIS, 27<sup>th</sup> Dist.  
REP. O'BRIEN, 24<sup>th</sup> Dist.  
REP. OLSON, 46<sup>th</sup> Dist.  
REP. ORANGE, 48<sup>th</sup> Dist.  
REP. O'ROURKE, 32<sup>nd</sup> Dist.  
REP. REYNOLDS, 42<sup>nd</sup> Dist.  
REP. RITTER, 38<sup>th</sup> Dist.  
REP. ROY, 119<sup>th</sup> Dist.  
REP. RYAN, 139<sup>th</sup> Dist.  
REP. SCHOFIELD, 16<sup>th</sup> Dist.  
REP. SHAPIRO, 144<sup>th</sup> Dist.  
REP. SHARKEY, 88<sup>th</sup> Dist.  
REP. SPALLONE, 36<sup>th</sup> Dist.  
REP. TABORSKAK, 109<sup>th</sup> Dist.  
REP. TALLARITA, 58<sup>th</sup> Dist.  
REP. TERCYAK, 26<sup>th</sup> Dist.  
REP. THOMPSON, 13<sup>th</sup> Dist.  
REP. TONG, 147<sup>th</sup> Dist.  
REP. TRUGLIA, 145<sup>th</sup> Dist.  
REP. URBAN, 43<sup>rd</sup> Dist.  
REP. VILLANO, 91<sup>st</sup> Dist.  
REP. WALKER, 93<sup>rd</sup> Dist.  
REP. WIDLITZ, 98<sup>th</sup> Dist.  
REP. WILLIS, 64<sup>th</sup> Dist.  
REP. WRIGHT, 41<sup>st</sup> Dist.  
REP. ZALASKI, 81<sup>st</sup> Dist.

To: Subst. House Bill No. 7098

File No. 863

Cal. No. 198

**"AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2007*) (a) Between September 1,  
4 2007, and September 1, 2012, inclusive, the Secretary of the Office of  
5 Policy and Management shall provide a five-hundred-dollar rebate for  
6 the purchase and installation in residential structures of replacement  
7 natural gas, propane and oil furnaces and burners that meet or exceed  
8 federal Energy Star standards. Persons may apply to the secretary, on a  
9 form prescribed by the secretary, to receive such rebate. The rebate  
10 shall be available for only a residential structure containing not more  
11 than four dwelling units.

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

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

20 The State Bond Commission shall have the power, from time to  
21 time, to authorize the issuance of bonds of the state in one or more  
22 series and in principal amounts not exceeding in the aggregate five  
23 million dollars per year. The proceeds of the sale of said bonds shall be  
24 deposited in the Energy Conservation Loan Fund established under

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

50 Sec. 3. (*Effective from passage*) (a) On or before January 1, 2008, the  
51 Energy Conservation Management Board, in consultation with the  
52 electric distribution companies, shall develop and establish a cost-  
53 effective program to (1) provide enhanced rebates to residential  
54 customers of electric distribution companies who replace an existing  
55 window air conditioning unit that does not meet the federal Energy  
56 Star standard with a unit that does meet said standard. Said program  
57 shall be in effect from January 1, 2008, to September 1, 2008. Such  
58 rebates shall be not less than twenty-five dollars for an air conditioner

59 with a retail price of one hundred dollars to two hundred dollars; not  
60 less than fifty dollars for an air conditioner with a retail price of more  
61 than two hundred dollars but less than three hundred dollars; and not  
62 less than one hundred dollars for an air conditioner with a retail price  
63 of more than three hundred dollars, unless the board demonstrates  
64 that such rebate levels are not cost-effective, and (2) provide rebates of  
65 not less than five hundred dollars to residential customers of electric  
66 distribution companies who replace an existing central air  
67 conditioning unit that does not meet the federal Energy Star standard  
68 with a unit that does meet said standard. The board, in consultation  
69 with the Low-Income Energy Advisory Board, established pursuant to  
70 section 16a-41b of the general statutes, shall determine the parameters  
71 of the program with regard to residential customers who live in  
72 apartments.

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

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

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

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

91 section.

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

99 Sec. 5. (NEW) (*Effective from passage*) On and after January 1, 2008,  
100 the Department of Public Utility Control shall order and direct that  
101 any intermediate or base load electric generating unit owned by an  
102 electric distribution company or covered by a bilateral contract with an  
103 electric distribution company that is fueled by either oil or natural gas,  
104 with a rating of not less than sixty-five megawatts, shall have the  
105 actual ability to operate on demand for a forty-eight-hour period using  
106 either oil or natural gas, provided the department may determine that  
107 dual fuel capability is not required for a specific generating unit if  
108 imposing such requirement is not in the best interest of Connecticut  
109 consumers.

110 Sec. 6. (*Effective from passage*) Not later than July 1, 2007, the  
111 Department of Public Utility Control shall initiate an uncontested case  
112 proceeding to analyze (1) the appropriate number of linemen that are  
113 necessary for an electric distribution company to maintain, repair and  
114 extend its electric distribution lines by region under normal  
115 circumstances and under extraordinary circumstances, including, but  
116 not limited to, storm conditions, (2) whether the consolidation or  
117 centralization of line repair facilities and personnel results in longer  
118 times to reach affected areas, (3) whether greater use of newer  
119 technologies may reduce the incidence of power outages, and (4) the  
120 most efficacious way to notify the public regarding an electric power  
121 outage and the status of an electric distribution company's efforts to  
122 restore electricity to a particular area of the state. Not later than  
123 February 1, 2008, the department shall submit a report with the results

124 of such analysis to the joint standing committee of the General  
125 Assembly having cognizance of matters relating to energy in  
126 accordance with the provisions of section 11-4a of the general statutes.

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

129 Not later than January 1, [1988] 2008, and annually thereafter, each  
130 electric or electric distribution company shall submit to the  
131 Department of Public Utility Control a plan for the maintenance of  
132 poles, wires, conduits or other fixtures, along public highways or  
133 streets for the transmission or distribution of electric current, owned,  
134 operated, managed or controlled by such company, in such format as  
135 the department shall prescribe. Such plan shall include a summary of  
136 appropriate staffing levels necessary for the maintenance of said  
137 fixtures and a program for the trimming of tree branches and limbs  
138 located in close proximity to overhead electric wires where such  
139 branches and limbs may cause damage to such electric wires. The  
140 department shall review each plan and may issue such orders as may  
141 be necessary to ensure compliance with this section. The department  
142 may require each electric or electric distribution company to submit an  
143 updated plan at such time and containing such information as the  
144 department may prescribe. The department shall adopt regulations, in  
145 accordance with the provisions of chapter 54, to carry out the  
146 provisions of this section.

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

150 (a) In the exercise of its powers under the provisions of this title, the  
151 Department of Public Utility Control shall examine and regulate the  
152 transfer of existing assets and franchises, the expansion of the plant  
153 and equipment of existing public service companies, the operations  
154 and internal workings of public service companies and the  
155 establishment of the level and structure of rates in accordance with the

156 following principles: (1) That there is a clear public need for the service  
157 being proposed or provided; (2) that the public service company shall  
158 be fully competent to provide efficient and adequate service to the  
159 public in that such company is technically, financially and  
160 managerially expert and efficient; (3) that the department and all  
161 public service companies shall perform all of their respective public  
162 responsibilities with economy, efficiency and care for [the] public  
163 safety and energy security, and so as to promote economic  
164 development within the state with consideration for energy and water  
165 conservation, energy efficiency and the development and utilization of  
166 renewable sources of energy and for the prudent management of the  
167 natural environment; (4) that the level and structure of rates be  
168 sufficient, but no more than sufficient, to allow public service  
169 companies to cover their operating costs including, but not limited to,  
170 appropriate staffing levels, and capital costs, to attract needed capital  
171 and to maintain their financial integrity, and yet provide appropriate  
172 protection to the relevant public interests, both existing and  
173 foreseeable which shall include, but not be limited to, reasonable costs  
174 of security of assets, facilities and equipment that are incurred solely  
175 for the purpose of responding to security needs associated with the  
176 terrorist attacks of September 11, 2001, and the continuing war on  
177 terrorism; (5) that the level and structure of rates charged customers  
178 shall reflect prudent and efficient management of the franchise  
179 operation; and (6) that the rates, charges, conditions of service and  
180 categories of service of the companies not discriminate against  
181 customers which utilize renewable energy sources or cogeneration  
182 technology to meet a portion of their energy requirements.

183 Sec. 9. (NEW) (*Effective from passage*) Not later than September 1,  
184 2007, the Connecticut Siting Council, in consultation with the  
185 Department of Emergency Management and Homeland Security  
186 Coordinating Council, established pursuant to section 28-1b of the  
187 general statutes, and the Department of Public Utility Control shall  
188 initiate a contested case proceeding, in accordance with the provisions  
189 of chapter 54 of the general statutes, to investigate energy security with

190 regard to the siting of electric generating facilities and transmission  
191 facilities, including consideration of planning, preparedness, response  
192 and recovery capabilities. The Connecticut Siting Council may conduct  
193 such proceedings in an executive session with sensitive information  
194 submitted under a protective order.

195       Sec. 10. (*Effective from passage*) Not later than July 1, 2007, the  
196 Department of Public Utility Control shall initiate an uncontested  
197 proceeding, in consultation with the Connecticut Siting Council, to  
198 assess ways in which the state can ensure and enhance the reliability of  
199 electric generating facilities located in the state during periods of peak  
200 electric demand. Said proceeding shall include, but not be limited to,  
201 an examination of (1) the current compliance status of electric  
202 generation facilities with existing on-site dual fuel storage and  
203 operational requirements, (2) the existing inventory of fuel storage and  
204 fuel delivery resources available to supply electric generating facilities  
205 located in the state, (3) the amount of fuel delivery and storage  
206 infrastructure that would be necessary to ensure the reliable operation  
207 of in-state generating facilities during periods of peak electric demand,  
208 (4) the value for and appropriate level of firm fuel delivery contracts,  
209 and (5) the types of incentives that can be offered to electric and gas  
210 market participants to enhance the reliability of electric service during  
211 periods of peak electric demand. In conducting the proceeding, the  
212 council and the department shall seek the input of interested persons  
213 and entities, including, but not limited to, the Office of Consumer  
214 Counsel, the Attorney General, the state's electric distribution and gas  
215 companies, the state's electric generators, owners of natural gas  
216 pipeline facilities located in the state, and the regional independent  
217 system operator. Not later than February 1, 2008, the department shall  
218 submit a report containing its findings and recommendations to the  
219 joint standing committee of the General Assembly having cognizance  
220 of matters relating to energy in accordance with the provisions of  
221 section 11-4a of the general statutes.

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

224 (a) Notwithstanding any provision of the general statutes, any (1)  
225 new construction of a state facility [, except salt sheds, parking  
226 garages, maintenance facilities or school construction,] that is projected  
227 to cost five million dollars or more, and is approved and funded on or  
228 after January 1, [2007] 2008, and (2) renovation of a state facility that is  
229 projected to cost not less than two million dollars, that is financed with  
230 state funds and is approved and funded on or after January 1, 2008,  
231 shall comply with the regulations adopted pursuant to subsection (b)  
232 of this section. The Secretary of the Office of Policy and Management,  
233 in consultation with the Commissioner of Public Works, [and the  
234 Institute for Sustainable Energy,] shall exempt any facility from  
235 complying with said regulations if [said secretary] the Institute for  
236 Sustainable Energy finds, in a written analysis, that the cost of such  
237 compliance significantly outweighs the benefits. For purposes of this  
238 section, "state facility" means any building, including, but not limited  
239 to, a state-financed housing project, but not a building that is used or  
240 intended to be used as a school.

241 (b) [Not later than January 1, 2007, the] The Secretary of the Office of  
242 Policy and Management, in consultation with the Commissioner of  
243 Public Works, the Commissioner of Environmental Protection and the  
244 Commissioner of Public Safety, shall adopt regulations, in accordance  
245 with the provisions of chapter 54, to adopt building construction  
246 standards that (1) are consistent with or exceed the silver building  
247 rating of the Leadership in Energy and Environmental Design's rating  
248 system for new commercial construction and major renovation  
249 projects, as established by the United States Green Building Council,  
250 including energy standards that exceed those set forth in the 2004  
251 edition of the American Society of Heating, Ventilating and Air  
252 Conditioning Engineers (ASHRAE) Standard 90.1 by no less than  
253 twenty per cent, or an equivalent standard, including, but not limited  
254 to, a two-globe rating in the Green Globes USA design program, and  
255 (2) will ensure that the completed building design and specifications  
256 and completed commissioned building will receive an energy  
257 performance rating of at least seventy-five on the Environmental

258 Protection Agency's Energy Star energy performance rating system,  
259 and thereafter update such regulations as the secretary deems  
260 necessary.

261 Sec. 12. Subsection (i) of section 16-243m of the general statutes is  
262 repealed and the following is substituted in lieu thereof (*Effective*  
263 *October 1, 2007*):

264 (i) An electric distribution company shall negotiate in good faith the  
265 final terms of the draft contract, submitted under subsection (e) of this  
266 section and included in a proposal approved under subsection (g) of  
267 this section, and shall apply to the department for approval of each  
268 such contract. After thirty days, either party may request the assistance  
269 of the department to resolve any outstanding issues. No such contract  
270 may become effective without approval of the department. The  
271 department shall hold a hearing that shall be conducted as a contested  
272 case, in accordance with the provisions of chapter 54, to approve, reject  
273 or modify an application for approval of a capacity purchase contract.  
274 No contract shall be approved unless the department finds that  
275 approval of such contract would (1) result in the lowest reasonable cost  
276 of such products and services, including providing lower overall  
277 electric rates than a similar plant that is owned and operated by a state  
278 electric authority for the sole benefit of consumers or a similar plant  
279 owned and operated by an electric distribution company that provides  
280 all of its electric output to ratepayers on a cost-plus basis, (2) increase  
281 reliability, and (3) minimize federally mandated congestion charges to  
282 the state over the life of the contract. Such a contract shall contain  
283 terms that mitigate the long-term risk assumed by ratepayers. No  
284 contract approved by the department shall have a term exceeding  
285 fifteen years. As determined by the department, the electric  
286 distribution company shall either sell into the capacity markets all or a  
287 portion of capacity rights transferred pursuant to this section and use  
288 all proceeds from such sales to offset federally mandated congestion  
289 charges incurred by all customers, or shall retain such capacity rights  
290 to offset electric capacity charges associated with transitional standard  
291 offer, standard service or service as supplier of last resort under section

292 16-244c, as amended by this act. The costs associated with long-term  
293 electric capacity contracts shall be recovered through federally  
294 mandated congestion charges.

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

297 (a) As used in this section:

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

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

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

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

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

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

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

321 Management;

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

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

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

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

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

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

350 (14) "Reach-in cabinet" means a refrigerator, freezer, or combination

351 thereof, with hinged or sliding doors or lids;

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

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

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

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

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

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

376 (21) "Commercial clothes washer" means a soft mount front-loading  
377 or soft mount top-loading clothes washer that is designed for use in  
378 (A) applications where the occupants of more than one household will  
379 be using it, such as in multifamily housing common areas and coin  
380 laundries; or (B) other commercial applications, if the clothes container

381 compartment is no greater than [3.5] three and one-half cubic feet for  
382 horizontal-axis clothes washers [,] or no greater than [4.0] four cubic  
383 feet for vertical-axis clothes washers;

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

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

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

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

395 (26) "Residential furnace or boiler" means a product that utilizes  
396 only single-phase electric current or single-phase electric current or DC  
397 current in conjunction with natural gas, propane or home heating oil  
398 and that (A) is designed to be the principal heating source for the  
399 living space of a residence; (B) is not contained within the same cabinet  
400 as a central air conditioner with a rated cooling capacity of not less  
401 than sixty-five thousand BTUs per hour; (C) is an electric central  
402 furnace, electric boiler, forced-air central furnace, gravity central  
403 furnace or low pressure steam or hot water boiler; and (D) has a heat  
404 input rate of less than three hundred thousand BTUs per hour for an  
405 electric boiler and low pressure steam or hot water boiler and less than  
406 two hundred twenty-five thousand BTUs per hour for a forced-air  
407 central furnace, gravity central furnace and electric central furnace;

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

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

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

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

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

428 (32) "Single voltage external AC to DC power supply" means a  
429 device that (A) is designed to convert line voltage AC input into lower  
430 voltage DC output; (B) is able to convert to only one DC output voltage  
431 at a time; (C) is sold with, or intended to be used with, a separate end-  
432 use product that constitutes the primary power load; (D) is contained  
433 within a separate physical enclosure from the end-use product; (E) is  
434 connected to the end-use product in a removable or hard-wired male  
435 and female electrical connection, cable, cord or other wiring; (F) does  
436 not have batteries or battery packs, including those that are removable  
437 or that physically attach directly to the power supply unit; (G) does not  
438 have a battery chemistry or type selector switch and indicator light or a  
439 battery chemistry or type selector switch and a state of charge meter;  
440 and (H) has a nameplate output power less than or equal to two  
441 hundred fifty watts;

442 (33) "State regulated incandescent reflector lamp" means a lamp that  
443 is not colored or designed for rough or vibration service applications,

444 has an inner reflective coating on the outer bulb to direct the light, has  
445 an E26 medium screw base, a rated voltage or voltage range that lies at  
446 least partially within one hundred fifteen to one hundred thirty volts,  
447 and that falls into one of the following categories: (A) A bulged  
448 reflector or elliptical reflector or a blown PAR bulb shape and that has  
449 a diameter that equals or exceeds two and one-quarter inches, or (B) a  
450 reflector, parabolic aluminized reflector, bulged reflector or similar  
451 bulb shape and that has a diameter of two and one-quarter to two and  
452 three-quarters inches. "State regulated incandescent reflector lamp"  
453 does not include ER30, BR30, BR40 and ER40 lamps of not more than  
454 fifty watts, BR30, BR40 and ER40 lamps of sixty-five watts and R20  
455 lamps of not more than forty-five watts;

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

458 (35) "Commercial hot food holding cabinet" means a heated, fully-  
459 enclosed compartment with one or more solid or partial glass doors  
460 that is designed to maintain the temperature of hot food that has been  
461 cooked in a separate appliance. "Commercial hot food holding cabinet"  
462 does not include heated glass merchandizing cabinets, drawer  
463 warmers or cook-and-hold appliances;

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

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

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

472 (39) "Walk-in refrigerator" means a space refrigerated to  
473 temperatures at or above thirty-two degrees Fahrenheit that has a total  
474 chilled storage area of less than three thousand square feet, can be

475 walked into and is designed for the refrigerated storage of food and  
476 food products. "Walk-in refrigerator" does not include refrigerated  
477 warehouses and products designed and marketed exclusively for  
478 medical, scientific or research purposes;

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

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

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

506 (c) The provisions of this section do not apply to (1) new products

507 manufactured in the state and sold outside the state, (2) new products  
508 manufactured outside the state and sold at wholesale inside the state  
509 for final retail sale and installation outside the state, (3) products  
510 installed in mobile manufactured homes at the time of construction, or  
511 (4) products designed expressly for installation and use in recreational  
512 vehicles.

513 (d) (1) [Not later than July 1, 2005, the department] The office, in  
514 consultation with the [secretary] Department of Public Utility Control,  
515 shall adopt regulations, in accordance with the provisions of chapter  
516 54, to implement the provisions of this section and to establish  
517 minimum energy efficiency standards for the types of new products  
518 set forth in subsection (b) of this section. The regulations shall provide  
519 for the following minimum energy efficiency standards:

520 (A) Commercial clothes washers shall meet the requirements shown  
521 in Table P-3 of section 1605.3 of the California Code of Regulations,  
522 Title 20: Division 2, Chapter 4, Article 4;

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

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

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

536 (E) [large] Large packaged air-conditioning equipment having not  
537 less than [761,000] seven hundred sixty-one thousand BTUs per hour

538 of capacity shall meet a minimum energy efficiency ratio of 9.7 for  
539 units using both electric heat and air conditioning or units solely using  
540 electric air conditioning, and 9.5 for units using both natural gas heat  
541 and electric air conditioning;

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

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

549 (H) [traffic] Traffic signal modules shall meet the product  
550 specification of the "Energy Star Program Requirements for Traffic  
551 Signals" developed by the United States Environmental Protection  
552 Agency that took effect in February, 2001, except where the  
553 department, in consultation with the Commissioner of Transportation,  
554 determines that such specification would compromise safe signal  
555 operation;

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

558 (J) On or after January 1, 2009, residential furnaces and boilers  
559 purchased by the state shall meet or exceed the following annual fuel  
560 utilization efficiency: (i) For gas and propane furnaces, ninety per cent  
561 annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per  
562 cent annual fuel utilization efficiency, (iii) for gas and propane hot  
563 water boilers, eighty-four per cent annual fuel utilization efficiency,  
564 (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel  
565 utilization efficiency, (v) for gas and propane steam boilers, eighty-two  
566 per cent annual fuel utilization efficiency, (vi) for oil-fired steam  
567 boilers, eighty-two per cent annual fuel utilization efficiency, and (vii)  
568 for furnaces with furnace air handlers, an electricity ratio of not more  
569 than 2.0, except air handlers for oil furnaces with a capacity of less than

570 ninety-four thousand BTUs per hour shall have an electricity ratio of  
571 2.3 or less;

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

576 (L) Single-voltage external AC to DC power supplies manufactured  
577 on or after January 1, 2008, shall meet the energy efficiency standards  
578 of table U-1 of section 1605.3 of the January 2006 California Code of  
579 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance  
580 Efficiency Regulations. This standard applies to single voltage AC to  
581 DC power supplies that are sold individually and to those that are sold  
582 as a component of or in conjunction with another product. This  
583 standard shall not apply to single voltage external AC to DC power  
584 supplies sold with products subject to certification by the United States  
585 Food and Drug Administration. A single-voltage external AC to DC  
586 power supply that is made available by a manufacturer directly to a  
587 consumer or to a service or repair facility after and separate from the  
588 original sale of the product requiring the power supply as a service  
589 part or spare part shall not be required to meet the standards in said  
590 table U-1 until five years after the effective dates indicated in the table;

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

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

602 pumps shall meet said efficiency requirements;

603 (O) On or after January 1, 2009, pool heaters shall meet the  
604 efficiency requirements of sections 1605.1 and 1605.3 of the January  
605 2006 California Code of Regulations, Title 20, Division 2, Chapter 4,  
606 Article 4: Appliance Efficiency Regulations.

607 (2) Such efficiency standards, where in conflict with the State  
608 Building Code, shall take precedence over the standards contained in  
609 the Building Code. Not later than July 1, 2007, and biennially  
610 thereafter, the [department] office, in consultation with the [secretary]  
611 Department of Public Utility Control, shall review and increase the  
612 level of such efficiency standards by adopting regulations in  
613 accordance with the provisions of chapter 54 upon a determination  
614 that increased efficiency standards would serve to promote energy  
615 conservation in the state and would be cost-effective for consumers  
616 who purchase and use such new products, provided no such increased  
617 efficiency standards shall become effective within one year following  
618 the adoption of any amended regulations providing for such increased  
619 efficiency standards.

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

631 (e) On or after July 1, 2006, except for commercial clothes washers,  
632 for which the date shall be July 1, 2007, commercial refrigerators and  
633 freezers, for which the date shall be July 1, 2008, and large packaged

634 air-conditioning equipment, for which the date shall be July 1, 2009, no  
635 new product of a type set forth in subsection (b) of this section or  
636 designated by the [department] office may be sold, offered for sale, or  
637 installed in the state unless the energy efficiency of the new product  
638 meets or exceeds the efficiency standards set forth in such regulations  
639 adopted pursuant to subsection (d) of this section.

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

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

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

667 constitute a separate offense.

668 Sec. 14. (*Effective from passage*) (a) For the calendar year 2007, each  
669 electric distribution company shall offer an electricity conservation  
670 incentive program to its customers. Said program shall compare  
671 electricity usage during the period beginning on July 1, 2007, and  
672 ending on August 31, 2007, and during the same period in 2006 and  
673 give customers a conservation incentive.

674 (b) Electric distribution companies shall issue credits to customers  
675 on the electricity bill that is presented on or after November 1, 2007,  
676 and shall calculate said credits as follows: (1) Any customer who uses  
677 at least ten per cent less electricity during the 2007 period shall earn a  
678 credit equal to ten per cent of the billed generation charges for usage  
679 from July 1, 2007, to August 31, 2007, inclusive; (2) any customer who  
680 uses at least fifteen per cent less electricity during the 2007 period shall  
681 earn a credit equal to fifteen per cent of the billed generation charges  
682 for usage from July 1, 2007, to August 31, 2007, inclusive; and (3) any  
683 customer who uses at least twenty per cent less electricity during the  
684 2007 period shall earn a credit equal to twenty per cent of the billed  
685 generation charges for usage from July 1, 2007, to August 31, 2007,  
686 inclusive. The calculation of reduction in electric energy usage shall be  
687 made pursuant to this section and the Department of Public Utility  
688 Control's decision in the proceeding required by subsection (c) of this  
689 section. Customers who have overdue balances with the electric  
690 distribution companies shall have any credits earned applied to such  
691 overdue balances.

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

700 and implement reasonable means of marketing and promoting the  
701 program. The department shall include, but not be limited to, the  
702 following parameters necessary to encourage conservation, discourage  
703 inaccuracy in measurement and assure that credits are only provided  
704 to customers who have changed their usage by taking conservation  
705 and load management actions: (1) The comparison of energy usage  
706 shall be based on weather-normalized usage in 2007 compared to the  
707 comparable period in 2006 for that particular address; (2) the program  
708 shall not be available to customers without usage in comparable  
709 months of 2006; and (3) for customers who participate in other demand  
710 response programs, including, but not limited to, those sponsored by  
711 the regional independent system operator, benefits from the program  
712 established in subsection (a) of this section shall be pro-rated against  
713 any benefits from any other programs. Customers with overdue  
714 balances shall have any credits issued pursuant to subsection (b) of this  
715 section applied first to reduce such balances.

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

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

725 Sec. 15. Subsection (a) of section 16-245l of the general statutes is  
726 repealed and the following is substituted in lieu thereof (*Effective from*  
727 *passage*):

728 (a) The Department of Public Utility Control shall establish and each  
729 electric distribution company shall collect a systems benefits charge to  
730 be imposed against all end use customers of each electric distribution  
731 company beginning January 1, 2000. The department shall hold a

732 hearing that shall be conducted as a contested case in accordance with  
733 chapter 54 to establish the amount of the systems benefits charge. The  
734 department may revise the systems benefits charge or any element of  
735 said charge as the need arises. The systems benefits charge shall be  
736 used to fund (1) the expenses of the public education outreach  
737 program developed under subsections (a), (f) and (g) of section 16-  
738 244d other than expenses for department staff, (2) the reasonable and  
739 proper expenses of the education outreach consultant pursuant to  
740 subsection (d) of section 16-244d, (3) the cost of hardship protection  
741 measures under sections 16-262c and 16-262d and other hardship  
742 protections, including, but not limited to, electric service bill payment  
743 programs, funding and technical support for energy assistance, fuel  
744 bank and weatherization programs and weatherization services, (4) the  
745 payment program to offset tax losses described in section 12-94d, (5)  
746 any sums paid to a resource recovery authority pursuant to subsection  
747 (b) of section 16-243e, (6) low income conservation programs approved  
748 by the Department of Public Utility Control, (7) displaced worker  
749 protection costs, (8) unfunded storage and disposal costs for spent  
750 nuclear fuel generated before January 1, 2000, approved by the  
751 appropriate regulatory agencies, (9) postretirement safe shutdown and  
752 site protection costs that are incurred in preparation for  
753 decommissioning, (10) decommissioning fund contributions, (11) the  
754 costs of temporary electric generation facilities incurred pursuant to  
755 section 16-19ss, (12) operating expenses for the Connecticut Energy  
756 Advisory Board, [and] (13) legal, appraisal and purchase costs of a  
757 conservation or land use restriction and other related costs as the  
758 department in its discretion deems appropriate, incurred by a  
759 municipality on or before January 1, 2000, to ensure the environmental,  
760 recreational and scenic preservation of any reservoir located within  
761 this state created by a pump storage hydroelectric generating facility,  
762 and (14) expenses related to the electricity conservation incentive  
763 program established in section 14 of this act. As used in this  
764 subsection, "displaced worker protection costs" means the reasonable  
765 costs incurred, prior to January 1, 2008, (A) by an electric supplier,  
766 exempt wholesale generator, electric company, an operator of a

767 nuclear power generating facility in this state or a generation entity or  
768 affiliate arising from the dislocation of any employee other than an  
769 officer, provided such dislocation is a result of (i) restructuring of the  
770 electric generation market and such dislocation occurs on or after July  
771 1, 1998, or (ii) the closing of a Title IV source or an exempt wholesale  
772 generator, as defined in 15 USC 79z-5a, on or after January 1, 2004, as a  
773 result of such source's failure to meet requirements imposed as a result  
774 of sections 22a-197 and 22a-198 and this section or those Regulations of  
775 Connecticut State Agencies adopted by the Department of  
776 Environmental Protection, as amended from time to time, in  
777 accordance with Executive Order Number 19, issued on May 17, 2000,  
778 and provided further such costs result from either the execution of  
779 agreements reached through collective bargaining for union  
780 employees or from the company's or entity's or affiliate's programs  
781 and policies for nonunion employees, and (B) by an electric  
782 distribution company or an exempt wholesale generator arising from  
783 the retraining of a former employee of an unaffiliated exempt  
784 wholesale generator, which employee was involuntarily dislocated on  
785 or after January 1, 2004, from such wholesale generator, except for  
786 cause. "Displaced worker protection costs" includes costs incurred or  
787 projected for severance, retraining, early retirement, outplacement,  
788 coverage for surviving spouse insurance benefits and related expenses.  
789 "Displaced worker protection costs" does not include those costs  
790 included in determining a tax credit pursuant to section 12-217bb.

791 Sec. 16. (NEW) (*Effective July 1, 2007*) (a) On or before October 1,  
792 2007, the Energy Conservation Management Board, established  
793 pursuant to section 16-245m of the general statutes, in consultation  
794 with the electric distribution and gas companies, shall develop and  
795 estimate the cost of a comprehensive residential conservation program,  
796 including, but not limited to, the following features: (1) An audit  
797 identifying appropriate conservation measures applicable to a utility  
798 customer's dwelling unit, whether owned or rented by the customer,  
799 prioritizing measures for cost-effectiveness and reductions in peak  
800 electricity demand; (2) a system that prioritizes customers to be

801 assisted at least in part by the customer's consent to installation of  
802 those measures that are the most cost-effective and reduce peak  
803 electricity demand; (3) a system of oversight that advises and assists a  
804 customer in obtaining landlord authority where needed for installation  
805 of cost-effective measures and assists a customer in accessing  
806 incentives, other cost savings and financing for cost-effective measures  
807 and identifying knowledgeable contractors for installation of such  
808 measures and ensures successful installation of such measures; and (4)  
809 provides financing for conservation measures on the utility bill, to the  
810 extent such financing repayment does not exceed the expected life of  
811 the measure, and the repayment amount plus the periodic customer  
812 bill after installation of conservation measures does not exceed the  
813 anticipated periodic bill for utility service without installation of such  
814 conservation measures, and authorizes disconnection for nonpayment  
815 by the customer of any financing repayment amount and assignment  
816 of repayment obligations to subsequent owners or tenants of the  
817 dwelling unit.

818 (b) On or before February 1, 2008, the Energy Conservation  
819 Management Board shall provide a report to the joint standing  
820 committees of the General Assembly having cognizance of matters  
821 relating to energy and the environment regarding development and  
822 the estimated cost of a comprehensive residential conservation  
823 program as defined in subsection (a) of this section. Nothing herein  
824 shall preclude development and implementation of conservation  
825 programs with features described in subsection (a) of this section prior  
826 to provision of said report, provided such programs have been  
827 approved by the Department of Public Utility Control.

828 Sec. 17. Subsection (c) of section 16-245n of the general statutes is  
829 repealed and the following is substituted in lieu thereof (*Effective from*  
830 *passage*):

831 (c) There is hereby created a Renewable Energy Investment Fund  
832 which shall be administered by Connecticut Innovations, Incorporated.  
833 The fund may receive any amount required by law to be deposited

834 into the fund and may receive any federal funds as may become  
835 available to the state for renewable energy investments. Connecticut  
836 Innovations, Incorporated, may use any amount in said fund for  
837 expenditures [which] that promote investment in renewable energy  
838 sources in accordance with a comprehensive plan developed by it to  
839 foster the growth, development and commercialization of renewable  
840 energy sources, related enterprises and stimulate demand for  
841 renewable energy and deployment of renewable energy sources  
842 [which] that serve end use customers in this state and for the further  
843 purpose of supporting operational demonstration projects for  
844 advanced technologies that reduce energy utilization from traditional  
845 sources. Such expenditures may include, but not be limited to, grants,  
846 direct or equity investments, contracts or other actions which support  
847 research, development, manufacture, commercialization, deployment  
848 and installation of renewable energy technologies, and actions which  
849 expand the expertise of individuals, businesses and lending  
850 institutions with regard to renewable energy technologies.

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

853 The Department of Administrative Services and each other  
854 budgeted agency, as defined in section 4-69, exercising procurement  
855 authority shall procure equipment and appliances for state use [which]  
856 that meet or exceed the federal energy conservation standards set forth  
857 in the Energy Policy and Conservation Act, 42 USC 6295, any federal  
858 regulations adopted thereunder, [and] any applicable energy  
859 performance standards established in accordance with subsection (j) of  
860 section 16a-38 and meet or exceed the federal Energy Star standards.  
861 Purchases of equipment and appliances for which energy performance  
862 standards have been established pursuant to subsection (j) of section  
863 16a-38 shall be (1) made from among those specific models of  
864 equipment and appliances which meet such standards, and (2) based,  
865 when possible, on competitive bids. Such bids shall be evaluated on  
866 the basis of the life-cycle cost standards, if any, established pursuant to  
867 subsection (b) of section 16a-38.

868       Sec. 19. (NEW) (*Effective from passage*) (a) On or before July 1, 2007,  
869 the Department of Public Utility Control shall initiate a contested case  
870 proceeding, in accordance with chapter 54 of the general statutes, to  
871 determine a municipal electric utility's share of the one-time awards  
872 made to customer-side distributed resources made pursuant to  
873 subsection (a) of section 16-243i of the general statutes, as amended by  
874 this act, in order for customers in its service area to qualify for such  
875 awards. Said share shall reflect an equitable method of cost allocation  
876 that reflects the benefits that accrue to electric distribution customers  
877 as a result of such customer-side distributed resources.

878       (b) To qualify for such an award, any customer shall submit an  
879 application, in a form prescribed by the Department of Public Utility  
880 Control, to said department. The application shall contain a  
881 certification by an independent licensed engineer that the customer-  
882 side distributed resource is intended to operate for purposes of  
883 reducing customer peak electric loads and that the project is financially  
884 viable.

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

887       The provisions of sections 7-233y, 16-1, as amended by this act, 16-  
888 19ss, as amended by this act, 16-32f, 16-50i, 16-50k, as amended by this  
889 act, 16-50x, 16-243i to 16-243q, inclusive, as amended by this act, 16-  
890 244c, as amended by this act, 16-244e, as amended by this act, 16-245d,  
891 16-245m, 16-245n, as amended by this act, 16-245z and 16-262i and  
892 section 21 of public act 05-1 of the June special session\*, apply to new  
893 customer-side distributed resources and grid-side distributed  
894 resources developed in this state that add electric capacity on and after  
895 January 1, 2006, and shall also apply to customer-side distributed  
896 resources and grid-side distributed resources developed in this state  
897 before January 1, 2007, that (1) have undergone upgrades that increase  
898 the resource's thermal efficiency operating level by no fewer than ten  
899 percentage points or, for resources that have a thermal efficiency level  
900 of at least seventy per cent, have undergone upgrades that increase the

901 resource's turbine heat rate by no fewer than five percentage points  
902 and increase the electrical output of the resource by no fewer than ten  
903 percentage points, (2) operate at a thermal efficiency level of at least  
904 fifty per cent, and (3) add electric capacity in this state on or after  
905 January 1, 2007, provided such measure is in accordance with the  
906 provisions of said sections 7-233y, 16-1, 16-19ss, 16-32f, 16-50i, 16-50k,  
907 16-50x, 16-243i to 16-243q, inclusive, 16-244c, 16-244e, 16-245d, 16-  
908 245m, 16-245n, 16-245z and 16-262i and section 21 of public act 05-1 of  
909 the June special session\*. On or before January 1, 2009, the  
910 Department of Public Utility Control, in consultation with the Office of  
911 Consumer Counsel, shall report to the joint standing committee of the  
912 General Assembly having cognizance of matters relating to energy  
913 regarding the cost-effectiveness of programs pursuant to this section.

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

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

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

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

929 (1) "Energy improvement district distributed resources" means one  
930 or more of the following owned, leased, or financed by an Energy  
931 Improvement District Board: (A) Customer-side distributed resources,  
932 as defined in section 16-1 of the general statutes, as amended by this

933 act; (B) grid-side distributed resources, as defined in said section 16-1;  
934 (C) combined heat and power systems, as defined in said section 16-1;  
935 and (D) Class III sources, as defined in said section 16-1;

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

939 Sec. 24. (NEW) (*Effective from passage*) (a) Any municipality may, by  
940 vote of its legislative body, establish an energy improvement district  
941 within such municipality. The affairs of any such district shall be  
942 administered by an Energy Improvement District Board. The chief  
943 elected official of the municipality shall appoint the members of any  
944 such board, who shall serve for such term as the legislative body may  
945 prescribe and until their successors are appointed and have qualified.  
946 The chief elected official shall fill any vacancy for the unexpired  
947 portion of the term. The members of each such board shall serve  
948 without compensation, except for necessary expenses.

949 (b) After a vote by a municipality to establish an energy  
950 improvement district, the chief elected official of the municipality shall  
951 notify by mail each property owner of record within said district of  
952 said action. An owner may record on the land records in the  
953 municipality its decision to participate in the energy improvement  
954 district pursuant to sections 24 to 38, inclusive, of this act. Any owner  
955 of record, including any new owner of record, may rescind said  
956 decision at any time.

957 Sec. 25. (NEW) (*Effective from passage*) (a) An Energy Improvement  
958 District Board shall fund energy improvement district distributed  
959 resources in its district consistent with a comprehensive plan prepared  
960 for the district by said board for the development and financing of  
961 such resources, except on state or federally owned properties, with a  
962 view to increasing efficiency and reliability and the furtherance of  
963 commerce and industry in the energy improvement district, provided  
964 such district's plan shall be consistent with the state-wide procurement

965 and deployment plan prepared and approved pursuant to section 55 of  
966 this act and the siting determinations of the Connecticut Siting  
967 Council. The board may lease or acquire office space and equip the  
968 same with suitable furniture and supplies for the performance of work  
969 of the board and may employ such personnel as may be necessary for  
970 such performance. The board also shall have power to:

971 (1) Sue and be sued;

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

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

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

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

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

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

994 (8) Fix fees, rates, rentals or other charges for the purpose of all

995 energy improvement district distributed resources owned by the  
996 Energy Improvement District Board and collect such fees, rates, rentals  
997 and other charges for such facilities owned by the board, which fees,  
998 rates, rentals or other charges shall be sufficient to comply with all  
999 covenants and agreements with the holders of any bonds issued  
1000 pursuant to section 26 of this act;

1001 (9) Operate and maintain all energy improvement district  
1002 distributed resources owned or leased by the board and use the  
1003 revenues from such resources for the corporate purposes of the board  
1004 in accordance with any covenants or agreements contained in the  
1005 proceedings authorizing the issuance of bonds pursuant to section 26  
1006 of this act;

1007 (10) Accept gifts, grants, loans or contributions from the United  
1008 States, the state or any agency or instrumentality of either, or a person  
1009 or corporation, by conveyance, bequest or otherwise, and expend the  
1010 proceeds for any purpose of the board and, as necessary, contract with  
1011 the United States, the state or any agency or instrumentality of either  
1012 to accept gifts, grants, loans or contributions on such terms and  
1013 conditions as may be provided by the law authorizing the same;

1014 (11) Maintain staff to promote and develop the movement of  
1015 commerce through the energy improvement district; and

1016 (12) Use the officers, employees, facilities and equipment of the  
1017 municipality, with the consent of the municipality, and pay a proper  
1018 portion of the compensation or cost.

1019 (b) Nothing in sections 24 to 38, inclusive, of this act shall be  
1020 construed to authorize an Energy Improvement District to:

1021 (1) Be an electric distribution company, as defined in section 16-1 of  
1022 the general statutes, as amended by this act, or provide electric  
1023 distribution or electric transmission services, as defined in said section  
1024 16-1, or own or operate assets to provide such services;

1025 (2) Be a municipal electric utility, as defined in section 7-233 of the  
1026 general statutes, or provide the services of a municipal electric utility;

1027 (3) Sell electricity to persons or entities in its municipality outside of  
1028 the Energy Improvement District;

1029 (4) Undertake any authority or jurisdiction granted by the general  
1030 statutes to the Connecticut Siting Council, the Department of Public  
1031 Utility Control, or any other state agency, or to undertake any actions  
1032 under the jurisdiction of any federal agency; or

1033 (5) Acquire property by eminent domain.

1034 Sec. 26. (NEW) (*Effective from passage*) (a) An Energy Improvement  
1035 District Board may, from time to time, issue bonds subject to the  
1036 approval of the legislative body in the municipality in which the  
1037 energy improvement district is located for the purpose of paying all or  
1038 any part of the cost of acquiring, purchasing, constructing,  
1039 reconstructing, improving or extending any energy improvement  
1040 district distributed resources project and acquiring necessary land and  
1041 equipment thereof or for any other authorized purpose of the board.  
1042 The board may issue such types of bonds as it may determine,  
1043 including, but not limited to, bonds payable as to principal and  
1044 interest: (1) From its revenues generally; (2) exclusively from the  
1045 income and revenues of a particular project; or (3) exclusively from the  
1046 income and revenues of certain designated projects, whether or not  
1047 they are financed in whole or in part from the proceeds of such bonds.  
1048 Any such bonds may be additionally secured by a pledge of any grant  
1049 or contribution from a participating municipality, the state or any  
1050 political subdivision, agency or instrumentality thereof, any federal  
1051 agency or any private corporation, copartnership, association or  
1052 individual, or a pledge of any income or revenues of the board, or a  
1053 mortgage on any project or other property of the board, provided such  
1054 pledge shall not create any liability on the entity making such grant or  
1055 contribution beyond the amount of such grant or contribution.  
1056 Whenever and for so long as any board has issued and has

1057 outstanding bonds, the board shall fix, charge and collect rates, rents,  
1058 fees and other charges in accordance with section 28 of this act. Neither  
1059 the members of the board nor any person executing the bonds shall be  
1060 liable personally on the bonds by reason of the issuance thereof. The  
1061 bonds and other obligations shall so state on their face that they shall  
1062 not be a debt of the state or any political subdivision thereof, except  
1063 when the board or a participating municipality, in accordance with  
1064 section 35 of this act, has guaranteed payment of principal and of  
1065 interest on the same, and no person other than the board or such a  
1066 public body shall be liable thereon, nor shall such bonds or obligations  
1067 be payable out of any funds or properties other than those of the board  
1068 or such a participating municipality. Such bonds shall not constitute an  
1069 indebtedness within the meaning of any statutory limitation on the  
1070 indebtedness of any participating municipality. Bonds of the board are  
1071 declared to be issued for an essential public and governmental  
1072 purpose. In anticipation of the sale of such revenue bonds, the board  
1073 may issue negotiable bond anticipation notes and may renew the same  
1074 from time to time. The maximum maturity of any such note, including  
1075 renewals thereof, shall not exceed five years from the date of original  
1076 issue. Such notes shall be paid from any revenues of the board  
1077 available therefor and not otherwise pledged or from the proceeds of  
1078 sale of the revenue bonds of the Energy Improvement District Board in  
1079 anticipation of which they were issued. The board shall issue the notes  
1080 in the same manner as the revenue bonds. Such notes and the  
1081 resolution or resolutions authorizing the same may contain any  
1082 provisions, conditions or limitations that a bond resolution of the  
1083 board may contain.

1084 (b) An Energy Improvement District Board may issue bonds as  
1085 serial bonds, as term bonds or as both. Bonds shall be authorized by  
1086 resolution of the members of the authority and shall bear such date or  
1087 dates, mature at such time or times, not exceeding twenty years from  
1088 their respective dates, bear interest at such rate or rates, or have  
1089 provisions for the manner of determining such rate or rates, payable at  
1090 such time or times, be in such denominations, be in such form, either

1091 coupon or registered, carry such registration privileges, be executed in  
1092 such manner, be payable in lawful money of the United States of  
1093 America at such place or places, and be subject to such terms of  
1094 redemption, as such resolution or resolutions may provide. The  
1095 revenue bonds or notes may be sold at public or private sale for such  
1096 price or prices as the Energy Improvement District Board shall  
1097 determine. Pending preparation of the definitive bonds, the Energy  
1098 Improvement District Board may issue interim receipts or certificates  
1099 that shall be exchanged for such definitive bonds.

1100 (c) Any resolution or resolutions authorizing any revenue bonds or  
1101 any issue of revenue bonds may contain provisions, which shall be  
1102 part of the contract with the holders of the revenue bonds to be  
1103 authorized, as to: (1) Pledging all or any part of the revenues of a  
1104 project or any revenue-producing contract or contracts made by the  
1105 Energy Improvement District Board with any individual, partnership,  
1106 corporation or association or other body, public or private, to secure  
1107 the payment of the revenue bonds or of any particular issue of revenue  
1108 bonds, subject to such agreements with bondholders as may then exist;  
1109 (2) the rentals, fees and other charges to be charged, the amounts to be  
1110 raised in each year thereby and the use and disposition of the  
1111 revenues; (3) the setting aside of reserves or sinking funds or other  
1112 funds or accounts as the board may establish and the regulation and  
1113 disposition thereof, including requirements that any such funds and  
1114 accounts be held separate from or not be commingled with other funds  
1115 of the board; (4) limitations on the right of the board or its agent to  
1116 restrict and regulate the use of the project; (5) limitations on the  
1117 purpose to which the proceeds of sale of any issue of revenue bonds  
1118 then or thereafter to be issued may be applied and pledging such  
1119 proceeds to secure the payment of the revenue bonds or any issue of  
1120 the revenue bonds; (6) limitations on the issuance of additional bonds,  
1121 the terms upon which additional bonds may be issued and secured  
1122 and the refunding of outstanding bonds; (7) the procedure, if any, by  
1123 which the terms of any contract with bondholders may be amended or  
1124 abrogated, the amount of bonds the holders of which must consent

1125 thereto and the manner in which such consent may be given; (8)  
1126 limitations on the amount of moneys derived from the project to be  
1127 expended for operating, administrative or other expenses of the board;  
1128 (9) defining the acts or omissions to act that shall constitute a default in  
1129 the duties of the board to holders of its obligations and providing the  
1130 rights and remedies of such holders in the event of a default; (10) the  
1131 mortgaging of a project and the site thereof for the purpose of securing  
1132 the bondholder; and (11) provisions for the execution of  
1133 reimbursement agreements or similar agreements in connection with  
1134 credit facilities, including, but not limited to, letters of credit or policies  
1135 of bond insurance, remarketing agreements and agreements for the  
1136 purpose of moderating interest rate fluctuations.

1137 (d) If any member whose signature or a facsimile of whose  
1138 signature appears on any bonds or coupons ceases to be such member  
1139 before delivery of such bonds, such signature or such facsimile shall  
1140 nevertheless be valid and sufficient for all purposes as if he had  
1141 remained in office until such delivery. Notwithstanding the provisions  
1142 of sections 24 to 38, inclusive, of this act, or any recitals in any bonds  
1143 issued pursuant to this section, all such bonds shall be deemed to be  
1144 negotiable instruments under the provisions of the general statutes.

1145 (e) Unless otherwise provided by the ordinance creating the Energy  
1146 Improvement District Board, the board may issue bonds pursuant to  
1147 this section, without obtaining the consent of the state or of any  
1148 political subdivision thereof and without any other proceedings or  
1149 conditions specifically required by sections 24 to 38, inclusive, of this  
1150 act.

1151 (f) An Energy Improvement District Board may, within available  
1152 funds, purchase its bonds or notes. The Energy Improvement District  
1153 Board may hold, pledge, cancel or resell such bonds, subject to and in  
1154 accordance with agreements with bondholders.

1155 (g) An Energy Improvement District Board shall cause a copy of any  
1156 bond resolutions adopted by it to be filed for public inspection in its

1157 office and in the office of the clerk of each participating municipality  
1158 and may thereupon cause to be published at least once, in a newspaper  
1159 published or circulating in each participating municipality, a notice  
1160 stating the fact and date of such adoption and the places where such  
1161 bond resolution has been so filed for public inspection and the date of  
1162 the first publication of such notice and also stating that any action or  
1163 proceeding of any kind or nature in any court questioning the validity  
1164 or proper authorization of bonds provided for by the bond resolution,  
1165 or the validity of any covenants, agreements or contracts provided for  
1166 by the bond resolution, shall be commenced not later than twenty days  
1167 after the first publication of such notice. If any such notice is published  
1168 and if no action or proceeding questions the validity or proper  
1169 authorization of bonds provided for by the bond resolution referred to  
1170 in such notice or the validity of any covenants, agreements or contracts  
1171 provided for by the bond resolution is commenced or instituted not  
1172 later than twenty days after the first publication of said notice, then all  
1173 residents and taxpayers and owners of property in each participating  
1174 municipality and all other persons shall be forever barred and  
1175 foreclosed from instituting or commencing any action or proceeding in  
1176 any court or from pleading any defense to any action or proceeding  
1177 questioning the validity or proper authorization of such bonds or the  
1178 validity of such covenants, agreements or contracts, and said bonds,  
1179 covenants, agreements and contracts shall be conclusively deemed to  
1180 be valid and binding obligations in accordance with their terms and  
1181 tenor.

1182 (h) Notwithstanding any provision of the general statutes, (1) the  
1183 state shall not have any liability or responsibility with regard to any  
1184 obligation issued by the board, and (2) no political subdivision of the  
1185 state shall have any liability or responsibility with regard to any  
1186 obligation issued by the board except as expressly provided by  
1187 sections 24 to 38, inclusive, of this act.

1188 Sec. 27. (NEW) (*Effective from passage*) An Energy Improvement  
1189 District Board may secure any bonds issued pursuant to section 26 of  
1190 this act by a trust indenture by way of conveyance, deed of trust or

1191 mortgage of any project or any other property of the board, whether or  
1192 not financed in whole or in part from the proceeds of such bonds, or by  
1193 a trust agreement by and between the board and a corporate trustee,  
1194 which may be any trust company or bank having the powers of a trust  
1195 company within or without the state or by both such conveyance, deed  
1196 of trust or mortgage and indenture or trust agreement. Such trust  
1197 indenture or agreement may pledge or assign any or all fees, rents and  
1198 other charges to be received or proceeds of any contract or contracts  
1199 pledged, and may convey or mortgage any property of the board. Such  
1200 trust indenture or agreement may contain such provisions for  
1201 protecting and enforcing the right and remedies of the bondholders as  
1202 may be reasonable and proper and not in violation of law, including  
1203 provisions that have been specifically authorized to be included in any  
1204 resolution or resolutions of the board authorizing the issue of bonds.  
1205 Any bank or trust company incorporated under the laws of the state  
1206 may act as depository of the proceeds of such bonds or of revenues or  
1207 other moneys and may furnish such indemnifying bonds or pledge  
1208 such securities as may be required by the board. Such trust indenture  
1209 may set forth rights and remedies of the bondholders and of the  
1210 trustee and may restrict the individual right of action by bondholders.  
1211 In addition, such trust indenture or agreement may contain such other  
1212 provisions as the board may deem reasonable and proper for the  
1213 security of the bondholders. All expenses incurred in carrying out the  
1214 provisions of such trust indenture or agreement may be treated as part  
1215 of the cost of a project.

1216 Sec. 28. (NEW) (*Effective from passage*) (a) An Energy Improvement  
1217 District Board may fix, revise, charge and collect rates, rents, fees and  
1218 charges for the use of and for the services furnished or to be furnished  
1219 by each project and to contract with any person, partnership,  
1220 association or corporation, or other body, public or private, in respect  
1221 thereof. Such rates, rents, fees and charges shall be fixed and adjusted  
1222 in respect of the aggregate of rates, rents, fees and charges from such  
1223 project so as to provide funds sufficient with other revenues, if any, to  
1224 (1) pay the cost of maintaining, repairing and operating the project and

1225 each and every portion thereof, to the extent that the payment of such  
1226 cost has not otherwise been adequately provided for, (2) pay the  
1227 principal and interest of outstanding revenue bonds of the board  
1228 issued in respect of such project as the same shall become due and  
1229 payable, and (3) create and maintain reserves required or provided for  
1230 in any resolution authorizing, or trust agreement securing, such  
1231 revenue bonds of the board. Such rates, rents, fees and charges shall  
1232 not be subject to supervision or regulation by any department,  
1233 commission, board, body, bureau or agency of this state other than the  
1234 board. A sufficient amount of the revenues derived in respect of a  
1235 project, except such part of such revenues as may be necessary to pay  
1236 the cost of maintenance, repair and operation and to provide reserves  
1237 and for renewals, replacements, extensions, enlargements and  
1238 improvements as may be provided for in the resolution authorizing  
1239 the issuance of any revenue bonds of the board or in the trust  
1240 agreement securing the same, shall be set aside at such regular  
1241 intervals as may be provided in such resolution or trust agreement in a  
1242 sinking or other similar fund which is hereby pledged to, and charged  
1243 with, the payment of the principal of and the interest on such revenue  
1244 bonds as the same shall become due, and the redemption price or the  
1245 purchase price of bonds retired by call or purchase as therein  
1246 provided. Such pledge shall be valid and binding from the time when  
1247 the pledge is made; the rates, rents, fees and charges and other  
1248 revenues or other moneys so pledged and thereafter received by the  
1249 board shall immediately be subject to the lien of any such pledge,  
1250 without any physical delivery thereof or further act, and the lien of any  
1251 such pledge shall be valid and binding as against all parties having  
1252 claims of any kind in tort, contract or otherwise against the board,  
1253 irrespective of whether such parties have notice thereof. Neither the  
1254 resolution nor any trust indenture or agreement by which a pledge is  
1255 created need be filed or recorded except in the records of the board.  
1256 The use and disposition of moneys to the credit of such sinking or  
1257 other similar fund shall be subject to the provisions of the resolution  
1258 authorizing the issuance of such bonds or of such trust agreement.  
1259 Except as may otherwise be provided in such resolution or such trust

1260 indenture or agreement, such sinking or other similar fund shall be a  
1261 fund for all revenue bonds issued to finance a project of such board  
1262 without distinction or priority of one over another.

1263 (b) All moneys received by the board pursuant to sections 24 to 38,  
1264 inclusive, of this act, whether as proceeds from the sale of bonds or as  
1265 revenues, shall be deemed to be trust funds to be held and applied  
1266 solely as provided pursuant to this section.

1267 Sec. 29. (NEW) (*Effective from passage*) Any holder of bonds, notes,  
1268 certificates or other evidences of borrowing issued pursuant to section  
1269 26 of this act or of any of the coupons appertaining thereto and the  
1270 trustee under any trust indenture or agreement, except to the extent  
1271 the right may be restricted by such trust indenture or agreement, may,  
1272 either at law or in equity, by suit, action, injunction, mandamus or  
1273 other proceedings, protect and enforce any and all rights under the  
1274 provisions of the general statutes or granted by sections 24 to 38,  
1275 inclusive, of this act, or under such trust indenture or agreement or the  
1276 resolution authorizing the issuance of such bonds, notes or certificates,  
1277 and may enforce and compel the performance of all duties required by  
1278 said section or by such trust indenture or agreement or solution to be  
1279 performed by the Energy Improvement District Board or by any officer  
1280 or agent thereof, including the fixing, charging and collection of fees,  
1281 rents and other charges.

1282 Sec. 30. (NEW) (*Effective from passage*) An Energy Improvement  
1283 District Board, in the exercise of its powers granted pursuant to  
1284 sections 24 to 38, inclusive, of this act, shall be for the benefit of the  
1285 inhabitants of the state, for the increase of their commerce and for the  
1286 promotion of their safety, health, welfare, convenience and prosperity,  
1287 and as the operation and maintenance of any project which the board  
1288 is authorized to undertake constitute the performance of an essential  
1289 governmental function, no board shall be required to pay any taxes or  
1290 assessments upon any project acquired and constructed by it under the  
1291 provisions of said sections. The bonds, notes, certificates or other  
1292 evidences of debt issued pursuant to section 26 of this act, their

1293 transfer and the income therefrom, including any profit made on the  
1294 sale thereof, shall at all times be free and exempt from taxation by the  
1295 state and by any political subdivision thereof.

1296 Sec. 31. (NEW) (*Effective from passage*) Bonds issued by an Energy  
1297 Improvement District Board pursuant to section 26 of this act, shall be  
1298 securities in which all public officers and public bodies of the state and  
1299 its political subdivisions, all insurance companies, trust companies,  
1300 banking associations, investment companies and executors,  
1301 administrators, trustees and other fiduciaries may properly and legally  
1302 invest funds, including capital in their control or belonging to them.  
1303 Such bonds shall be securities that may properly and legally be  
1304 deposited with and received by any state or municipal officer or any  
1305 agency or political subdivision of the state for any purpose for which  
1306 the deposit of bonds or obligations is now or may hereafter be  
1307 authorized by law.

1308 Sec. 32. (NEW) (*Effective from passage*) A municipality may, by  
1309 ordinance, and any other governmental unit may, without any  
1310 referendum or public or competitive bidding, and any person may sell,  
1311 lease, lend, grant or convey to an Energy Improvement District Board  
1312 or permit a board to use, maintain or operate as part of any distributed  
1313 resource facility any real or personal property that may be necessary or  
1314 useful and convenient for the purposes of the board and accepted by  
1315 the board. Any such sale, lease, loan, grant, conveyance or permit may  
1316 be made or given with or without consideration and for a specified or  
1317 an unlimited period and under any agreement and on any terms and  
1318 conditions that may be approved by such municipality, governmental  
1319 unit or person and that may be agreed to by the board in conformity  
1320 with its contract with the holders of any bonds. Subject to any such  
1321 contracts with the holders of bonds, the board may enter into and  
1322 perform any and all agreements with respect to property so purchased,  
1323 leased, borrowed, received or accepted by it, including agreements for  
1324 the assumption of principal or interest or both of indebtedness of such  
1325 municipality, governmental unit or person or of any mortgage or lien  
1326 existing with respect to such property or for the operation and

1327 maintenance of such property as part of any energy improvement  
1328 district distributed resources facility.

1329       Sec. 33. (NEW) (*Effective from passage*) A municipality, governmental  
1330 unit or person may enter into and perform any lease or other  
1331 agreement with any Energy Improvement District Board for the lease  
1332 or other agreement with any municipality, governmental unit or  
1333 person of all or any part of any energy improvement district  
1334 distributed resource facility or facilities. Any such lease or other  
1335 agreement may provide for the payment to the board by such  
1336 municipality, governmental unit or person, annually or otherwise, of  
1337 such sum or sums of money, computed at fixed amount or by any  
1338 formula or in any other manner, as may be so fixed or computed. Any  
1339 such lease or other agreement may be made and entered into for a  
1340 term beginning currently or at some future or contingent date and  
1341 with or without consideration and for a specified or unlimited time  
1342 and on any terms and conditions which may be approved by such  
1343 municipality, governmental unit or person and which may be agreed  
1344 to by the board in conformity with its contract with the holders of any  
1345 bonds, and shall be valid and binding on such municipality,  
1346 governmental unit or person whether or not an appropriation is made  
1347 thereby prior to authorization or execution of such lease or other  
1348 agreement. Such municipality, governmental unit or person shall do  
1349 all acts and things necessary, convenient or desirable to carry out and  
1350 perform any such lease or other agreement entered into by it and to  
1351 provide for the payment or discharge of any obligation thereunder in  
1352 the same manner as other obligations of such municipality,  
1353 governmental unit or person.

1354       Sec. 34. (NEW) (*Effective from passage*) For the purpose of aiding an  
1355 Energy Improvement District Board, a municipality, by ordinance or  
1356 by resolution of its legislative body, shall have power from time to  
1357 time and for such period and upon such terms, with or without  
1358 consideration, as may be provided by such resolution or ordinance and  
1359 accepted by the board, (1) to appropriate moneys for the purposes of  
1360 the board, and to loan or donate such money to the board in such

1361 installments and upon such terms as may be agreed upon with the  
1362 board, (2) to covenant and agree with the board to pay to or on the  
1363 order of the board annually or at shorter intervals as a subsidy for the  
1364 promotion of its purposes not more than such sums of money as may  
1365 be stated in such resolution or ordinance or computed in accordance  
1366 therewith, (3) upon authorization by it in accordance with law of the  
1367 performance of any act or thing which it is empowered by law to  
1368 authorize and perform and after appropriation of the moneys, if any,  
1369 necessary for such performance, to covenant and agree with the board  
1370 to do and perform such act or thing and as to the time, manner and  
1371 other details of its doing and performance, and (4) to appropriate  
1372 money for all or any part of the cost of acquisition or construction of  
1373 such facility, and, in accordance with the limitations and any  
1374 exceptions thereto and in accordance with procedure prescribed by  
1375 law, to incur indebtedness, borrow money and issue its negotiable  
1376 bonds for the purpose of financing such distributed resource facility  
1377 and appropriation, and to pay the proceeds of such bonds to the board.

1378 Sec. 35. (NEW) (*Effective from passage*) For the purpose of aiding an  
1379 Energy Improvement District Board in the planning, undertaking,  
1380 acquisition, construction or operation of any distributed resource  
1381 facility, a participating municipality may, pursuant to resolution  
1382 adopted by its legislative body in the manner provided for adoption of  
1383 a resolution authorizing bonds of such municipality and with or  
1384 without consideration and upon such terms and conditions as may be  
1385 agreed to by and between the municipality and the board,  
1386 unconditionally guarantee the punctual payment of the principal of  
1387 and interest on any bonds of the board and pledge the full faith and  
1388 credit of the municipality to the payment thereof. Any guarantee of  
1389 bonds of the board made pursuant to this section shall be evidenced by  
1390 endorsement thereof on such bonds, executed in the name of the  
1391 municipality and on its behalf by such officer thereof as may be  
1392 designated in the resolution authorizing such guaranty, and such  
1393 municipality shall thereupon and thereafter be obligated to pay the  
1394 principal of and interest on said bonds in the same manner and to the

1395 same extent as in the case of bonds issued by it. As part of the  
1396 guarantee of the municipality for payment of principal and interest on  
1397 the bonds, the municipality may pledge to and agree with the owners  
1398 of bonds issued under this chapter and with those persons who may  
1399 enter into contracts with the municipality or the board or any  
1400 successor agency pursuant to the provisions of this chapter that it will  
1401 not limit or alter the rights thereby vested in the bond owners, the  
1402 board or any contracting party until such bonds, together with the  
1403 interest thereon, are fully met and discharged and such contracts are  
1404 fully performed on the part of the municipality or the board, provided  
1405 nothing in this subsection shall preclude such limitation or alteration if  
1406 and when adequate provisions shall be made by law for the protection  
1407 of the owners of such bonds of the municipality or the board or those  
1408 entering into such contracts with the municipality or the board. The  
1409 board is authorized to include this pledge and undertaking for the  
1410 municipality in such bonds or contracts. To the extent provided in  
1411 such agreement or agreements, the obligations of the municipality  
1412 thereunder shall be obligatory upon the municipality and the  
1413 inhabitants and property thereof, and thereafter the municipality shall  
1414 appropriate in each year during the term of such agreement, and there  
1415 shall be available on or before the date when the same are payable, an  
1416 amount of money that, together with other revenue available for such  
1417 purpose, shall be sufficient to pay such principal and interest  
1418 guaranteed by it and payable thereunder in that year, and there shall  
1419 be included in the tax levy for each such year in an amount that,  
1420 together with other revenues available for such purpose, shall be  
1421 sufficient to meet such appropriation. Any such agreement shall be  
1422 valid, binding and enforceable against the municipality if approved by  
1423 action of the legislative body of such municipality. Any such guaranty  
1424 of bonds of the board may be made, and any resolution authorizing  
1425 such guaranty may be adopted, notwithstanding any statutory debt or  
1426 other limitations, but the principal amount of bonds so guaranteed  
1427 shall, after their issuance, be included in the gross debt of such  
1428 municipality for the purpose of determining the indebtedness of such  
1429 municipality under subsection (b) of section 7-374 of the general

1430 statutes. The principal amount of bonds so guaranteed and included in  
1431 gross debt shall be deducted and is declared to be and to constitute a  
1432 deduction from such gross debt under and for all the purposes of  
1433 subsection (b) of said section 7-374, (1) from and after the time of  
1434 issuance of said bonds until the end of the fiscal year beginning next  
1435 after the completion of acquisition and construction of the distributed  
1436 resource facility to be financed from the proceeds of such bonds, and  
1437 (2) during any subsequent fiscal year if the revenues of the board in the  
1438 preceding fiscal year are sufficient to pay its expenses of operation and  
1439 maintenance in such year and all amounts payable in such year on  
1440 account of the principal and interest on all such guaranteed bonds, all  
1441 bonds of the municipality issued as provided in this section and all  
1442 bonds of the Energy Improvement District Board issued under section  
1443 26 of this act.

1444 Sec. 36. (NEW) (*Effective from passage*) Any Energy Improvement  
1445 District Board may pledge or assign any lease or other agreement, and  
1446 any instruments making or evidencing the same to secure its bonds  
1447 and thereafter may not modify such leases, agreements or instruments  
1448 except as provided by the terms of such lease, agreement or  
1449 instrument.

1450 Sec. 37. (NEW) (*Effective from passage*) All property of an Energy  
1451 Improvement District Board shall be exempt from levy and sale by  
1452 virtue of an execution and no execution or other judicial process shall  
1453 issue against the same nor shall any judgment against the board be a  
1454 charge or lien upon its property, provided nothing in this section shall  
1455 apply to or limit the rights of the holder of any bonds to pursue any  
1456 remedy for the enforcement of any pledge or lien given by the board  
1457 on its facility revenues or other moneys.

1458 Sec. 38. (NEW) (*Effective from passage*) An Energy Improvement  
1459 District Board and the municipality in which any property of the board  
1460 is located may enter into agreements with respect to the payment by  
1461 the board to such municipality of annual sums of money in lieu of  
1462 taxes on such property in such amount as may be agreed upon

1463 between the board and the municipality. The board may make, and the  
1464 municipality may accept, such payments and apply them in the  
1465 manner in which taxes may be applied in such municipality, provided  
1466 no such annual payment with respect to any parcel of such property  
1467 shall exceed the amount of taxes paid thereon for the taxable year  
1468 immediately prior to the time of its acquisition by the board.

1469 Sec. 39. Subsection (b) of section 16-243a of the general statutes is  
1470 repealed and the following is substituted in lieu thereof (*Effective*  
1471 *October 1, 2007*):

1472 (b) Each electric public service company, municipal electric energy  
1473 cooperative and municipal electric utility shall: (1) Purchase any  
1474 electrical energy and capacity made available, directly by a private  
1475 power producer or indirectly under subdivision (4) of this subsection;  
1476 (2) sell backup electricity to any private power producer in its service  
1477 territory; (3) make such interconnections in accordance with the  
1478 regulations adopted pursuant to subsection (h) of this section  
1479 necessary to accomplish such purchases and sales; (4) upon approval  
1480 by the Department of Public Utility Control of an application filed by a  
1481 willing private power producer, transmit energy or capacity from the  
1482 private power producer to any other such company, cooperative or  
1483 utility or to another facility operated by the private power producer;  
1484 and (5) offer to operate in parallel with a private power producer. In  
1485 making a decision on an application filed under subdivision (4) of this  
1486 subsection, the department shall consider whether such transmission  
1487 would (A) adversely impact the customers of the company,  
1488 cooperative or utility which would transmit energy or capacity to the  
1489 private power producer, (B) result in an uncompensated loss for, or  
1490 unduly burden, such company, cooperative, utility or private power  
1491 producer, (C) impair the reliability of service of such company,  
1492 cooperative or utility, or (D) impair the ability of the company,  
1493 cooperative or utility to provide adequate service to its customers. The  
1494 department shall issue a decision on such an application not later than  
1495 one hundred twenty days after the application is filed, provided, the  
1496 department may, before the end of such period and upon notifying all

1497 parties and intervenors to the proceeding, extend the period by thirty  
1498 days. If the department does not issue a decision within one hundred  
1499 twenty days after receiving such an application, or within one hundred  
1500 fifty days if the department extends the period in accordance with the  
1501 provisions of this subsection, the application shall be deemed to have  
1502 been approved. The requirements under subdivisions (3), (4) and (5) of  
1503 this subsection shall be subject to reasonable standards for operating  
1504 safety and reliability and the nondiscriminatory assessment of costs  
1505 against private power producers, approved by the Department of  
1506 Public Utility Control with respect to electric public service companies  
1507 or determined by municipal electric energy cooperatives and  
1508 municipal electric utilities.

1509 Sec. 40. Section 16-243a of the general statutes is amended by adding  
1510 subsection (h) as follows (*Effective October 1, 2007*):

1511 (NEW) (h) Not later than January 1, 2008, the Department of Public  
1512 Utility Control shall issue a final decision regarding interconnection  
1513 standards that meet or exceed national standards of interconnectivity.  
1514 If the department does not issue a final decision by October 1, 2008,  
1515 each electric distribution company, municipal electric energy  
1516 cooperative and municipal electric utility shall meet the standards set  
1517 forth in Title 4, Chapter 4, Subchapter 9, "Net Metering and  
1518 Interconnection Standards for Class I Renewable Energy Systems" of  
1519 the New Jersey Administrative Code.

1520 Sec. 41. Subsection (a) of section 16-245n of the general statutes is  
1521 repealed and the following is substituted in lieu thereof (*Effective*  
1522 *October 1, 2007*):

1523 (a) For purposes of this section, "renewable energy" means solar  
1524 photovoltaic energy, solar thermal energy, wind, ocean thermal  
1525 energy, wave or tidal energy, fuel cells, landfill gas, hydropower that  
1526 meets the low-impact standards of the Low-Impact Hydropower  
1527 Institute, hydrogen production and hydrogen conversion technologies,  
1528 low emission advanced biomass conversion technologies, alternative

1529 fuel, including ethanol, biodiesel, or other fuel produced in  
1530 Connecticut and derived from agricultural produce, food waste or  
1531 waste vegetable oil, provided the Commissioner of Environmental  
1532 Protection determines that such fuels provide net reductions in carbon  
1533 emissions and fossil fuel consumption, usable electricity from  
1534 combined heat and power systems with waste heat recovery systems,  
1535 thermal storage systems and other energy resources and emerging  
1536 technologies which have significant potential for commercialization  
1537 and which do not involve the combustion of coal, petroleum or  
1538 petroleum products, municipal solid waste or nuclear fission.

1539 Sec. 42. Section 16-243h of the general statutes is repealed and the  
1540 following is substituted in lieu thereof (*Effective October 1, 2007*):

1541 On and after January 1, 2000, each electric supplier or any electric  
1542 distribution company providing standard offer, transitional standard  
1543 offer, standard service or back-up electric generation service, pursuant  
1544 to section 16-244c, as amended by this act, shall give a credit for any  
1545 electricity generated by a [residential] customer from a Class I  
1546 renewable energy source or a hydropower facility when such  
1547 renewable energy source or hydropower facility has a nameplate  
1548 capacity rating of two megawatts or less. The electric distribution  
1549 company providing electric distribution services to such a customer  
1550 shall make such interconnections necessary to accomplish such  
1551 purpose. An electric distribution company, at the request of any  
1552 residential customer served by such company and if necessary to  
1553 implement the provisions of this section, shall provide for the  
1554 installation of metering equipment that (1) measures electricity  
1555 consumed by such customer from the facilities of the electric  
1556 distribution company, (2) deducts from the measurement the amount  
1557 of electricity produced by the customer and not consumed by the  
1558 customer, and (3) registers, for each billing period, the net amount of  
1559 electricity either (A) consumed and produced by the customer, or (B)  
1560 the net amount of electricity produced by the customer. If, in a given  
1561 monthly billing period, a customer-generator supplies more electricity  
1562 to the electric distribution system than the electric distribution

1563 company or electric supplier delivers to the customer-generator, the  
1564 electric distribution company and electric supplier shall credit the  
1565 customer-generator for the excess by reducing the customer-  
1566 generator's bill for the next monthly billing period to compensate for  
1567 the excess electricity from the customer-generator in the previous  
1568 billing period. The electric distribution company and electric supplier  
1569 shall carry over credit earned from monthly billing period to monthly  
1570 billing period, and the credit shall accumulate until the end of the  
1571 annualized period. At the end of each annualized period, the electric  
1572 distribution company and electric supplier shall compensate the  
1573 customer-generator for any excess kilowatt-hours generated, by  
1574 paying to the customer-generator amounts in accordance with the  
1575 company's Department of Public Utility Control approved nonfirm  
1576 self-generator power purchase tariff. A [residential] customer who  
1577 generates electricity from a generating unit with a name plate capacity  
1578 of more than ten kilowatts of electricity pursuant to the provisions of  
1579 this section shall be assessed for the competitive transition assessment,  
1580 pursuant to section 16-245g and the systems benefits charge, pursuant  
1581 to section 16-245l based on the amount of electricity consumed by the  
1582 customer from the facilities of the electric distribution company  
1583 without netting any electricity produced by the customer. For  
1584 purposes of this section, "residential customer" means a customer of a  
1585 single-family dwelling or multifamily dwelling consisting of two to  
1586 four units. Electric distribution companies shall recover their net costs  
1587 associated with payments pursuant to this section through  
1588 nonbypassable federally mandated congestion charges.

1589       Sec. 43. Section 16-245a of the general statutes is repealed and the  
1590 following is substituted in lieu thereof (*Effective October 1, 2007*):

1591       (a) [On and after January 1, 2006, an] An electric supplier and an  
1592 electric distribution company providing standard service or supplier of  
1593 last resort service, pursuant to section 16-244c, as amended by this act,  
1594 shall demonstrate:

1595       (1) On and after January 1, 2006, that not less than two per cent of

1596 the total output or services of any such supplier or distribution  
1597 company shall be generated from Class I renewable energy sources  
1598 and an additional three per cent of the total output or services shall be  
1599 from Class I or Class II renewable energy sources; [.]

1600 (2) On and after January 1, 2007, not less than three and one-half per  
1601 cent of the total output or services of any such supplier or distribution  
1602 company shall be generated from Class I renewable energy sources  
1603 and an additional three per cent of the total output or services shall be  
1604 from Class I or Class II renewable energy sources; [.]

1605 (3) On and after January 1, 2008, not less than five per cent of the  
1606 total output or services of any such supplier or distribution company  
1607 shall be generated from Class I renewable energy sources and an  
1608 additional three per cent of the total output or services shall be from  
1609 Class I or Class II renewable energy sources; [.]

1610 (4) On and after January 1, 2009, not less than six per cent of the  
1611 total output or services of any such supplier or distribution company  
1612 shall be generated from Class I renewable energy sources and an  
1613 additional three per cent of the total output or services shall be from  
1614 Class I or Class II renewable energy sources; [.]

1615 (5) On and after January 1, 2010, not less than seven per cent of the  
1616 total output or services of any such supplier or distribution company  
1617 shall be generated from Class I renewable energy sources and an  
1618 additional three per cent of the total output or services shall be from  
1619 Class I or Class II renewable energy sources;

1620 (6) On and after January 1, 2011, not less than eight per cent of the  
1621 total output or services of any such supplier or distribution company  
1622 shall be generated from Class I renewable energy sources and an  
1623 additional three per cent of the total output or services shall be from  
1624 Class I or Class II renewable energy sources;

1625 (7) On and after January 1, 2012, not less than nine per cent of the  
1626 total output or services of any such supplier or distribution company

1627 shall be generated from Class I renewable energy sources and an  
1628 additional three per cent of the total output or services shall be from  
1629 Class I or Class II renewable energy sources;

1630 (8) On and after January 1, 2013, not less than ten per cent of the  
1631 total output or services of any such supplier or distribution company  
1632 shall be generated from Class I renewable energy sources and an  
1633 additional three per cent of the total output or services shall be from  
1634 Class I or Class II renewable energy sources;

1635 (9) On and after January 1, 2014, not less than eleven per cent of the  
1636 total output or services of any such supplier or distribution company  
1637 shall be generated from Class I renewable energy sources and an  
1638 additional three per cent of the total output or services shall be from  
1639 Class I or Class II renewable energy sources;

1640 (10) On and after January 1, 2015, not less than twelve and one-half  
1641 per cent of the total output or services of any such supplier or  
1642 distribution company shall be generated from Class I renewable  
1643 energy sources and an additional three per cent of the total output or  
1644 services shall be from Class I or Class II renewable energy sources;

1645 (11) On and after January 1, 2016, not less than fourteen per cent of  
1646 the total output or services of any such supplier or distribution  
1647 company shall be generated from Class I renewable energy sources  
1648 and an additional three per cent of the total output or services shall be  
1649 from Class I or Class II renewable energy sources;

1650 (12) On and after January 1, 2017, not less than fifteen and one-half  
1651 per cent of the total output or services of any such supplier or  
1652 distribution company shall be generated from Class I renewable  
1653 energy sources and an additional three per cent of the total output or  
1654 services shall be from Class I or Class II renewable energy sources;

1655 (13) On and after January 1, 2018, not less than seventeen per cent of  
1656 the total output or services of any such supplier or distribution  
1657 company shall be generated from Class I renewable energy sources

1658 and an additional three per cent of the total output or services shall be  
1659 from Class I or Class II renewable energy sources;

1660 (14) On and after January 1, 2019, not less than nineteen and one-  
1661 half per cent of the total output or services of any such supplier or  
1662 distribution company shall be generated from Class I renewable  
1663 energy sources and an additional three per cent of the total output or  
1664 services shall be from Class I or Class II renewable energy sources;

1665 (15) On and after January 1, 2020, not less than twenty per cent of  
1666 the total output or services of any such supplier or distribution  
1667 company shall be generated from Class I renewable energy sources  
1668 and an additional three per cent of the total output or services shall be  
1669 from Class I or Class II renewable energy sources.

1670 (b) An electric supplier or electric distribution company may satisfy  
1671 the requirements of this section (1) by purchasing certificates issued by  
1672 the New England Power Pool Generation Information System,  
1673 provided the certificates are for (A) energy produced by a generating  
1674 unit using Class I or Class II renewable energy sources and the  
1675 generating unit is located in the jurisdiction of the regional  
1676 independent system operator, or (B) energy imported into the control  
1677 area of the regional independent system operator pursuant to New  
1678 England Power Pool Generation Information System Rule 2.7(c), as in  
1679 effect on January 1, 2006; [or] (2) for those renewable energy  
1680 certificates under contract to serve end-use customers in the state on or  
1681 before October 1, 2006, by participating in a renewable energy trading  
1682 program within said jurisdictions as approved by the Department of  
1683 Public Utility Control; or (3) by purchasing electricity from residential  
1684 customers who are net producers.

1685 (c) Any supplier who provides electric generation services solely  
1686 from a Class II renewable energy source shall not be required to  
1687 comply with the provisions of this section.

1688 (d) An electric supplier or an electric distribution company shall  
1689 base its demonstration of generation sources, as required under

1690 subsection (a) of this section on historical data, which may consist of  
1691 data filed with the regional independent system operator.

1692 (e) (1) A supplier or an electric distribution company may make up  
1693 any deficiency within its renewable energy portfolio within the first  
1694 three months of the succeeding calendar year or as otherwise provided  
1695 by generation information system operating rules approved by New  
1696 England Power Pool or its successor to meet the generation source  
1697 requirements of subsection (a) of this section for the previous year.

1698 (2) No such supplier or electric distribution company shall receive  
1699 credit for the current calendar year for generation from Class I or Class  
1700 II renewable energy sources pursuant to this section where such  
1701 supplier or distribution company receives credit for the preceding  
1702 calendar year pursuant to subdivision (1) of this subsection.

1703 (f) The department shall adopt regulations, in accordance with the  
1704 provisions of chapter 54, to implement the provisions of this section.

1705 Sec. 44. (NEW) (*Effective July 1, 2007*) (a) A municipal electric energy  
1706 cooperative, created pursuant to chapter 101a of the general statutes,  
1707 shall submit a comprehensive report on the activities of the municipal  
1708 electric utilities with regard to promotion of renewable energy sources.  
1709 Such report shall identify the standards and activities of municipal  
1710 electric utilities in the promotion, encouragement and expansion of the  
1711 deployment and use of renewable energy sources within the service  
1712 areas of the municipal electric utilities for the prior calendar year. The  
1713 cooperative shall submit the report to the Renewable Energy  
1714 Investment Advisory Committee established pursuant to section 16-  
1715 245n of the general statutes, as amended by this act, not later than  
1716 ninety days after the end of each calendar year that describes the  
1717 activities undertaken pursuant to this subsection during the previous  
1718 calendar year for the promotion and development of renewable energy  
1719 sources for all electric customer classes.

1720 (b) Such cooperative shall develop standards for the promotion of  
1721 renewable resources that apply to each municipal electric utility. On or

1722 before January 1, 2008, and annually thereafter, such cooperative shall  
1723 submit such standards to the Renewable Energy Investment Advisory  
1724 Committee.

1725 Sec. 45. (NEW) (*Effective from passage*) (a) Notwithstanding the  
1726 provisions of title 16 of the general statutes, a customer who  
1727 implements energy conservation or customer-side distributed  
1728 resources, as defined in section 16-1 of the general statutes, as  
1729 amended by this act, on or after January 1, 2008, shall be eligible for  
1730 Class III credits, pursuant to section 16-243q of the general statutes, as  
1731 amended by this act. The Class III credit shall be not less than one cent  
1732 per kilowatt hour. For nonresidential projects receiving conservation  
1733 and load management funding, twenty-five per cent of the financial  
1734 value derived from the credits earned pursuant to this section shall be  
1735 directed to the customer who implements energy conservation or  
1736 customer-side distribution resources pursuant to this section with the  
1737 remainder of the financial value directed to the Conservation and Load  
1738 Management Funds. For nonresidential projects not receiving  
1739 conservation and load management funding submitted on or after  
1740 March 9, 2007, seventy-five per cent of the financial value derived from  
1741 the credits earned pursuant to this section shall be directed to the  
1742 customer who implements energy conservation or customer-side  
1743 distribution resources pursuant to this section with the remainder of  
1744 the financial value directed to the Conservation and Load  
1745 Management Funds. Not later than July 1, 2007, the Department of  
1746 Public Utility Control shall initiate a contested case proceeding in  
1747 accordance with the provisions of chapter 54 of the general statutes, to  
1748 implement the provisions of this section.

1749 (b) In order to be eligible for ongoing Class III credits, the customer  
1750 shall file an application that contains information necessary for the  
1751 department to determine that the resource qualifies for Class III status.  
1752 Such application shall (1) certify that installation and metering  
1753 requirements have been met where appropriate, (2) provide a detailed  
1754 energy savings or energy output calculation for such time period as  
1755 specified by the department, and (3) include any other information

1756 that the department deems appropriate.

1757 (c) For conservation and load management projects that serve  
1758 residential customers, seventy-five per cent of the financial value  
1759 derived from the credits shall be directed to the Conservation and  
1760 Load Management Funds.

1761 (d) On or before January 1, 2009, the Department of Public Utility  
1762 Control shall report to the joint standing committee of the General  
1763 Assembly having cognizance of matters relating to energy on the Class  
1764 III credit program pursuant to this section.

1765 Sec. 46. Section 16-243q of the general statutes is repealed and the  
1766 following is substituted in lieu thereof (*Effective October 1, 2007*):

1767 (a) On and after January 1, 2007, each electric distribution company  
1768 providing standard service pursuant to section 16-244c, as amended by  
1769 this act, and each electric supplier as defined in section 16-1, as  
1770 amended by this act, shall demonstrate to the satisfaction of the  
1771 Department of Public Utility Control that not less than one per cent of  
1772 the total output of such supplier or such standard service of an electric  
1773 distribution company shall be obtained from Class III [resources]  
1774 sources. On and after January 1, 2008, not less than two per cent of the  
1775 total output of any such supplier or such standard service of an electric  
1776 distribution company shall, on demonstration satisfactory to the  
1777 Department of Public Utility Control, be obtained from Class III  
1778 [resources] sources. On or after January 1, 2009, not less than three per  
1779 cent of the total output of any such supplier or such standard service of  
1780 an electric distribution company shall, on demonstration satisfactory to  
1781 the Department of Public Utility Control, be obtained from Class III  
1782 [resources] sources. On and after January 1, 2010, not less than four per  
1783 cent of the total output of any such supplier or such standard service of  
1784 an electric distribution company shall, on demonstration satisfactory to  
1785 the Department of Public Utility Control, be obtained from Class III  
1786 [resources] sources. Electric power obtained from customer-side  
1787 distributed resources that does not meet air and water quality

1788 standards of the Department of Environmental Protection is not  
1789 eligible for purposes of meeting the percentage standards in this  
1790 section.

1791 (b) Except as provided in subsection (d) of this section, the  
1792 Department of Public Utility Control shall assess each electric supplier  
1793 and each electric distribution company that fails to meet the  
1794 percentage standards of subsection (a) of this section a charge of up to  
1795 five and five-tenths cents for each kilowatt hour of electricity that such  
1796 supplier or company is deficient in meeting such percentage  
1797 standards. Seventy-five per cent of such assessed charges shall be  
1798 deposited in the Energy Conservation and Load Management Fund  
1799 established in section 16-245m, and twenty-five per cent shall be  
1800 deposited in the Renewable Energy Investment Fund established in  
1801 section 16-245n, as amended by this act, except that such seventy-five  
1802 per cent of assessed charges with respect to an electric supplier shall be  
1803 divided among the Energy Conservation and Load Management  
1804 Funds of electric distribution companies in proportion to the amount  
1805 of electricity such electric supplier provides to end use customers in  
1806 the state using the facilities of each electric distribution company.

1807 (c) An electric supplier or electric distribution company may satisfy  
1808 the requirements of this section by participating in a conservation and  
1809 distributed resources trading program approved by the Department of  
1810 Public Utility Control. Credits created by conservation and customer-  
1811 side distributed resources shall be allocated to the person that  
1812 conserved the electricity or installed the project for customer-side  
1813 distributed resources to which the credit is attributable and to the  
1814 Energy Conservation and Load Management Fund. Such credits shall  
1815 be made in the following manner: A minimum of twenty-five per cent  
1816 of the credits shall be allocated to the person that conserved the  
1817 electricity or installed the project for customer-side distributed  
1818 resources to which the energy credit is attributable and the remainder  
1819 of the credits shall be allocated to the Energy Conservation and Load  
1820 Management Fund, based on a schedule created by the department no  
1821 later than January 1, 2007, and reviewed annually thereafter. The

1822 department may, in a proceeding and for good cause shown, allocate a  
1823 larger proportion of such credits to the person who conserved the  
1824 electricity or installed the customer-side distributed resources. The  
1825 department shall consider the proportion of investment made by a  
1826 ratepayer through various ratepayer-funded incentive programs and  
1827 the resulting reduction in federally mandated congestion charges. The  
1828 portion allocated to the Energy Conservation and Load Management  
1829 Fund shall be used for measures that respond to energy demand and  
1830 for peak reduction programs.

1831 (d) An electric distribution company providing standard service  
1832 may contract with its wholesale suppliers to comply with the  
1833 conservation and customer-side distributed resources standards set  
1834 forth in subsection (a) of this section. The Department of Public Utility  
1835 Control shall annually conduct a contested case, in accordance with the  
1836 provisions of chapter 54, to determine whether the electric distribution  
1837 company's wholesale suppliers met the conservation and distributed  
1838 resources standards during the preceding year. Any such contract shall  
1839 include a provision that requires such supplier to pay the electric  
1840 distribution company in an amount of up to five and one-half cents per  
1841 kilowatt hour if the wholesale supplier fails to comply with the  
1842 conservation and distributed resources standards during the subject  
1843 annual period. The electric distribution company shall immediately  
1844 transfer seventy-five per cent of any payment received from the  
1845 wholesale supplier for the failure to meet the conservation and  
1846 distributed resources standards to the Energy Conservation and Load  
1847 Management Fund and twenty-five per cent to the Renewable Energy  
1848 Investment Fund. Any payment made pursuant to this section shall  
1849 not be considered revenue or income to the electric distribution  
1850 company.

1851 (e) The Department of Public Utility Control shall conduct a  
1852 contested proceeding to develop the administrative processes and  
1853 program specifications that are necessary to implement a Class III  
1854 sources conservation and distributed resources trading program. The  
1855 proceeding shall include, but not be limited to, an examination of

1856 issues such as (1) the manner in which qualifying activities are  
1857 certified, tracked and reported, (2) the manner in which Class III  
1858 certificates are created, accounted for and transferred, [(3) the  
1859 feasibility and benefits of expanding eligible Class III resources to  
1860 include those resulting from electricity savings made by residential  
1861 customers, (4)] (3) verification of the accuracy of conservation and  
1862 customer-side distributed resources credits, [(5)] (4) verification of the  
1863 fact that resources or credits used to satisfy the requirement of this  
1864 section have not been used to satisfy any other portfolio or similar  
1865 requirement, [(6)] (5) the manner in which credits created by  
1866 conservation and customer-side distributed resources may best be  
1867 allocated to maximize the impact of the trading program, and [(7)] (6)  
1868 setting such alternative payment amounts at a level that encourages  
1869 development of conservation and customer-side distributed resources.  
1870 The department may retain the services of a third party entity with  
1871 expertise in the development of energy efficiency trading or  
1872 verification programs to assist in the development and operation of the  
1873 program. The department shall issue a decision no later than February  
1874 1, [2006] 2008.

1875 Sec. 47. Subdivision (44) of subsection (a) of section 16-1 of the  
1876 general statutes is repealed and the following is substituted in lieu  
1877 thereof (*Effective from passage*):

1878 (44) "Class III [renewable energy] source" means the electricity  
1879 output from combined heat and power systems with an operating  
1880 efficiency level of no less than fifty per cent that are part of customer-  
1881 side distributed resources developed at commercial and industrial  
1882 facilities in this state on or after January 1, 2006, a waste heat recovery  
1883 system installed on or after April 1, 2007, that produces electrical or  
1884 thermal energy by capturing preexisting waste heat or pressure from  
1885 industrial or commercial processes, or the electricity savings created at  
1886 commercial and industrial facilities and residences in this state from  
1887 conservation and load management programs begun on or after  
1888 January 1, 2006.

1889 Sec. 48. Subsection (a) of section 22a-6 of the general statutes is  
1890 repealed and the following is substituted in lieu thereof (*Effective*  
1891 *October 1, 2007*):

1892 (a) The commissioner may: (1) Adopt, amend or repeal, in  
1893 accordance with the provisions of chapter 54, such environmental  
1894 standards, criteria and regulations, and such procedural regulations as  
1895 are necessary and proper to carry out his functions, powers and duties;  
1896 (2) enter into contracts with any person, firm, corporation or  
1897 association to do all things necessary or convenient to carry out the  
1898 functions, powers and duties of the department; (3) initiate and receive  
1899 complaints as to any actual or suspected violation of any statute,  
1900 regulation, permit or order administered, adopted or issued by him.  
1901 The commissioner shall have the power to hold hearings, administer  
1902 oaths, take testimony and subpoena witnesses and evidence, enter  
1903 orders and institute legal proceedings including, but not limited to,  
1904 suits for injunctions, for the enforcement of any statute, regulation,  
1905 order or permit administered, adopted or issued by him; (4) in  
1906 accordance with regulations adopted by him, require, issue, renew,  
1907 revoke, modify or deny permits, under such conditions as he may  
1908 prescribe, governing all sources of pollution in Connecticut within his  
1909 jurisdiction; (5) in accordance with constitutional limitations, enter at  
1910 all reasonable times, without liability, upon any public or private  
1911 property, except a private residence, for the purpose of inspection and  
1912 investigation to ascertain possible violations of any statute, regulation,  
1913 order or permit administered, adopted or issued by him and the  
1914 owner, managing agent or occupant of any such property shall permit  
1915 such entry, and no action for trespass shall lie against the  
1916 commissioner for such entry, or he may apply to any court having  
1917 criminal jurisdiction for a warrant to inspect such premises to  
1918 determine compliance with any statute, regulation, order or permit  
1919 administered, adopted or enforced by him, provided any information  
1920 relating to secret processes or methods of manufacture or production  
1921 ascertained by the commissioner during, or as a result of, any  
1922 inspection, investigation, hearing or otherwise shall be kept

1923 confidential and shall not be disclosed except that, notwithstanding the  
1924 provisions of subdivision (5) of subsection (b) of section 1-210, such  
1925 information may be disclosed by the commissioner to the United States  
1926 Environmental Protection Agency pursuant to the federal Freedom of  
1927 Information Act of 1976, (5 USC 552) and regulations adopted  
1928 thereunder or, if such information is submitted after June 4, 1986, to  
1929 any person pursuant to the federal Clean Water Act (33 USC 1251 et  
1930 seq.); (6) undertake any studies, inquiries, surveys or analyses he may  
1931 deem relevant, through the personnel of the department or in  
1932 cooperation with any public or private agency, to accomplish the  
1933 functions, powers and duties of the commissioner; (7) require the  
1934 posting of sufficient performance bond or other security to assure  
1935 compliance with any permit or order; (8) provide by notice printed on  
1936 any form that any false statement made thereon or pursuant thereto is  
1937 punishable as a criminal offense under section 53a-157b; (9) construct  
1938 or repair or contract for the construction or repair of any dam or flood  
1939 and erosion control system under his control and management, make  
1940 or contract for the making of any alteration, repair or addition to any  
1941 other real asset under his control and management, including rented  
1942 or leased premises, involving an expenditure of five hundred thousand  
1943 dollars or less, and, with prior approval of the Commissioner of Public  
1944 Works, make or contract for the making of any alteration, repair or  
1945 addition to such other real asset under his control and management  
1946 involving an expenditure of more than five hundred thousand dollars  
1947 but not more than one million dollars; (10) in consultation with  
1948 affected town and watershed organizations, enter into a lease  
1949 agreement with a private entity owning a facility constructed on or  
1950 before January 1, 2007, to allow the private entity to generate  
1951 hydroelectricity provided the project meets the certification standards  
1952 of the Low Impact Hydropower Institute; (11) by regulations adopted  
1953 in accordance with the provisions of chapter 54, require the payment  
1954 of a fee sufficient to cover the reasonable cost of the search, duplication  
1955 and review of records requested under the Freedom of Information  
1956 Act, as defined in section 1-200, and the reasonable cost of reviewing  
1957 and acting upon an application for and monitoring compliance with

1958 the terms and conditions of any state or federal permit, license,  
1959 registration, order, certificate or approval required pursuant to  
1960 subsection (i) of section 22a-39, subsections (c) and (d) of section 22a-  
1961 96, subsections (h), (i) and (k) of section 22a-424, and sections 22a-6d,  
1962 22a-32, 22a-134a, 22a-134e, 22a-135, 22a-148, 22a-150, 22a-174, 22a-208,  
1963 22a-208a, 22a-209, 22a-342, 22a-345, 22a-354i, 22a-361, 22a-363c, 22a-  
1964 368, 22a-372, 22a-379, 22a-403, 22a-409, 22a-416, 22a-428 to 22a-432,  
1965 inclusive, 22a-449 and 22a-454 to 22a-454c, inclusive, and Section 401 of  
1966 the federal Clean Water Act, (33 USC 1341). Such costs may include,  
1967 but are not limited to the costs of (A) public notice, (B) reviews,  
1968 inspections and testing incidental to the issuance of and monitoring of  
1969 compliance with such permits, licenses, orders, certificates and  
1970 approvals, and (C) surveying and staking boundary lines. The  
1971 applicant shall pay the fee established in accordance with the  
1972 provisions of this section prior to the final decision of the  
1973 commissioner on the application. The commissioner may postpone  
1974 review of an application until receipt of the payment. Payment of a fee  
1975 for monitoring compliance with the terms or conditions of a permit  
1976 shall be at such time as the commissioner deems necessary and is  
1977 required for an approval to remain valid; and [(11)] (12) by regulations  
1978 adopted in accordance with the provisions of chapter 54, require the  
1979 payment of a fee sufficient to cover the reasonable cost of responding  
1980 to requests for information concerning the status of real estate with  
1981 regard to compliance with environmental statutes, regulations, permits  
1982 or orders. Such fee shall be paid by the person requesting such  
1983 information at the time of the request. Funds not exceeding two  
1984 hundred thousand dollars received by the commissioner pursuant to  
1985 subsection (g) of section 22a-174, during the fiscal year ending June 30,  
1986 1985, shall be deposited in the General Fund and credited to the  
1987 appropriations of the Department of Environmental Protection in  
1988 accordance with the provisions of section 4-86, and such funds shall  
1989 not lapse until June 30, 1986. In any action brought against any  
1990 employee of the department acting within his scope of delegated  
1991 authority in performing any of the above-listed duties, the employee  
1992 shall be represented by the Attorney General.

1993 Sec. 49. Section 16-243i of the general statutes is repealed and the  
1994 following is substituted in lieu thereof (*Effective October 1, 2007*):

1995 (a) The Department of Public Utility Control shall, not later than  
1996 January 1, 2006, establish a program to grant awards to retail end use  
1997 customers of electric distribution companies to fund the capital costs of  
1998 obtaining projects of customer-side distributed resources, as defined in  
1999 section 16-1. Any project shall receive a one-time, nonrecurring award,  
2000 [in an amount of not less than two hundred dollars and not more than  
2001 five hundred] In calendar year 2008, such awards shall be in an  
2002 amount of not less than one hundred fifty dollars and not more than  
2003 four hundred fifty dollars per kilowatt of capacity for such customer-  
2004 side distributed resources, recoverable from federally mandated  
2005 congestion charges, as defined in section 16-1, as amended by this act.  
2006 In calendar year 2009, such awards shall be in an amount of not less  
2007 than one hundred dollars and not more than four hundred dollars per  
2008 kilowatt of capacity for such customer-side distributed resources. In  
2009 calendar year 2010, such awards shall be in an amount of not less than  
2010 fifty dollars and not more than three hundred fifty dollars per kilowatt  
2011 of capacity for such customer-side distributed resources. No such  
2012 grants shall be awarded after December 31, 2010. No such award may  
2013 be made unless the projected reduction in federally mandated  
2014 congestion charges attributed to the project for such distributed  
2015 resources is greater than the amount of the award. The amount of an  
2016 award shall depend on the impact that the customer-side distributed  
2017 resources project has on reducing federally mandated congestion  
2018 charges, as defined in section 16-1, as amended by this act. On and  
2019 after January 1, 2008, the department shall only grant an award for  
2020 capacity that exceeds a customer's peak demand during the thirty-six  
2021 months prior to its application if it finds that an award for such  
2022 additional capacity provides sufficient net benefits to other customers  
2023 of the electric distribution company to justify making such additional  
2024 award. In making its determination, the department shall consider the  
2025 cost of the award and the projected reduction in the company's cost for  
2026 energy, installed capacity, forward reserve capacity, locational forward

2027 reserve capacity and other factors the department deems relevant. Not  
2028 later than October 1, 2005, the department shall conduct a contested  
2029 case proceeding, in accordance with chapter 54, to establish additional  
2030 standards for the amount of such awards and additional criteria and  
2031 the process for making such awards.

2032 (b) The Department of Public Utility Control shall, not later than  
2033 January 1, 2006, establish a program to grant to an electric distribution  
2034 company a one-time, nonrecurring award to educate, assist and  
2035 promote investments in customer-side distributed resources  
2036 developed in such company's service territory, which resources the  
2037 department determines will reduce federally mandated congestion  
2038 charges, in accordance with the following: (1) [On] For projects  
2039 proposed on or before January 1, 2008, two hundred dollars per  
2040 kilowatt of such resources, (2) for projects proposed on or before  
2041 January 1, 2009, [one hundred fifty] seventy-five dollars per kilowatt of  
2042 such resources, (3) for projects proposed on or before January 1, 2010,  
2043 [one hundred] fifty dollars per kilowatt of such resources, and (4)  
2044 [fifty] ten dollars per kilowatt of such resources for projects proposed  
2045 thereafter. Payment of the award shall be made at the time each such  
2046 resource becomes operational. The cost of the award shall be  
2047 recoverable from federally mandated congestion charges. Revenues  
2048 from such awards shall not be included in calculating the electric  
2049 distribution company's earnings for the purpose of determining  
2050 whether its rates are just and reasonable under sections 16-19, 16-19a  
2051 and 16-19e.

2052 Sec. 50. Subdivision (57) of section 12-81 of the general statutes is  
2053 repealed and the following is substituted in lieu thereof (*Effective*  
2054 *October 1, 2007, and applicable to assessment years commencing on or after*  
2055 *October 1, 2007*):

2056 (57) (a) [Subject to authorization of the exemption by ordinance in  
2057 any municipality, any] Any Class I renewable energy source, as  
2058 defined in section 16-1, as amended by this act, or any hydropower  
2059 facility described in subdivision (27) of said section 16-1, installed for

2060 the generation of electricity for private residential use, provided such  
2061 installation occurs on or after October 1, 1977, and further provided  
2062 such installation is for a single family dwelling or multifamily  
2063 dwelling consisting of two to four units, or any passive or active solar  
2064 water or space heating system or geothermal energy resource;

2065 (b) Any person claiming the exemption provided in this subdivision  
2066 for any assessment year shall, on or before the first day of November  
2067 in such assessment year, file with the assessor or board of assessors in  
2068 the town in which such hydropower facility, Class I renewable energy  
2069 source, or passive or active solar water or space heating system or  
2070 geothermal energy resource is located, written application claiming  
2071 such exemption. Failure to file such application in the manner and  
2072 form as provided by such assessor or board within the time limit  
2073 prescribed shall constitute a waiver of the right to such exemption for  
2074 such assessment year. Such application shall not be required for any  
2075 assessment year following that for which the initial application is filed,  
2076 provided if such hydropower facility, Class I renewable energy source,  
2077 or passive or active solar water or space heating system or geothermal  
2078 energy resource is altered in a manner which would require a building  
2079 permit, such alteration shall be deemed a waiver of the right to such  
2080 exemption until a new application, applicable with respect to such  
2081 altered source, is filed and the right to such exemption is established as  
2082 required initially.

2083 Sec. 51. Subdivision (63) of section 12-81 of the general statutes is  
2084 repealed and the following is substituted in lieu thereof (*Effective*  
2085 *October 1, 2007, and applicable to assessment years commencing on or after*  
2086 *October 1, 2007*):

2087 (63) (a) Subject to authorization of the exemption by ordinance in  
2088 any municipality and to the provisions of subparagraph (b) of this  
2089 subdivision, [any solar energy electricity generating system which is  
2090 not eligible for exemption under subdivision (57) of this section,] any  
2091 cogeneration system [, or both,] installed on or after July 1, 1981. [,and  
2092 before October 1, 2006.] The ordinance shall establish the number of

2093 years that a system will be exempt from taxation, except that it may  
2094 not provide for an exemption beyond the first fifteen assessment years  
2095 following the installation of a system. The ordinance shall prohibit the  
2096 exemption from applying to additions to resources recovery facilities  
2097 operating on October 1, 1994, or to resources recovery facilities  
2098 constructed on and after that date and may prohibit the exemption  
2099 from applying to property acquired by eminent domain for the  
2100 purpose of qualifying for the exemption;

2101 (b) As used in this subdivision, [(A) "solar energy electricity  
2102 generating system" means equipment which is designed, operated and  
2103 installed as a system which utilizes solar energy as the energy source  
2104 for at least seventy-five per cent of the electricity produced by the  
2105 system and meets the standards established by regulation, in  
2106 accordance with the provisions of chapter 54, by the Secretary of the  
2107 Office of Policy and Management, and (B)] "cogeneration system"  
2108 means equipment which is designed, operated and installed as a  
2109 system which produces, in the same process, electricity and exhaust  
2110 steam, waste steam, heat or other resultant thermal energy which is  
2111 used for space or water heating or cooling, industrial, commercial,  
2112 manufacturing or other useful purposes and which meets standards  
2113 established by regulation, in accordance with the provisions of chapter  
2114 54, by the Secretary of the Office of Policy and Management;

2115 (c) Any municipality which adopts an ordinance authorizing an  
2116 exemption provided by this subdivision may enter into a written  
2117 agreement with an applicant for the exemption, which may require the  
2118 applicant to make payments to the municipality in lieu of taxes. The  
2119 agreement may vary the amount of the payments in lieu of taxes in  
2120 each assessment year of the agreement, provided the payment in any  
2121 assessment year is not greater than the taxes which would otherwise  
2122 be due in the absence of the exemption. Any agreement negotiated  
2123 under this subdivision shall be submitted to the legislative body of the  
2124 municipality for its approval or rejection;

2125 (d) Any person claiming the exemption provided in this subdivision

2126 for any assessment year and whose application has been approved in  
2127 accordance with subparagraph (c) of this subdivision shall, on or  
2128 before the first day of November in such assessment year, file with the  
2129 assessor or board of assessors in the town in which the system is  
2130 located written application claiming the exemption. Failure to file the  
2131 application in the manner and form as provided by such assessor or  
2132 board within the time limit prescribed shall constitute a waiver of the  
2133 right to the exemption for such assessment year. Such application shall  
2134 not be required for any assessment year following that for which the  
2135 initial application is filed, provided if such [solar energy electricity  
2136 generating system or] cogeneration system is altered in a manner  
2137 which would require a building permit, such alteration shall be  
2138 deemed a waiver of the right to such exemption until a new  
2139 application, applicable with respect to such altered system, is filed and  
2140 the right to such exemption is established as required initially.

2141 Sec. 52. Section 20-340 of the general statutes is repealed and the  
2142 following is substituted in lieu thereof (*Effective from passage*):

2143 The provisions of this chapter shall not apply to: (1) Persons  
2144 employed by any federal, state or municipal agency; (2) employees of  
2145 any public service company regulated by the Department of Public  
2146 Utility Control or of any corporate affiliate of any such company when  
2147 the work performed by such affiliate is on behalf of a public service  
2148 company, but in either case only if the work performed is in  
2149 connection with the rendition of public utility service, including the  
2150 installation or maintenance of wire for community antenna television  
2151 service, or is in connection with the installation or maintenance of wire  
2152 or telephone sets for single-line telephone service located inside the  
2153 premises of a consumer; (3) employees of any municipal corporation  
2154 specially chartered by this state; (4) employees of any contractor while  
2155 such contractor is performing electrical-line or emergency work for  
2156 any public service company; (5) persons engaged in the installation,  
2157 maintenance, repair and service of electrical or other appliances of a  
2158 size customarily used for domestic use where such installation  
2159 commences at an outlet receptacle or connection previously installed

2160 by persons licensed to do the same and maintenance, repair and  
2161 service is confined to the appliance itself and its internal operation; (6)  
2162 employees of industrial firms whose main duties concern the  
2163 maintenance of the electrical work, plumbing and piping work, solar  
2164 thermal work, heating, piping, cooling work, sheet metal work,  
2165 elevator installation, repair and maintenance work, automotive glass  
2166 work or flat glass work of such firm on its own premises or on  
2167 premises leased by it for its own use; (7) employees of industrial firms  
2168 when such employees' main duties concern the fabrication of glass  
2169 products or electrical, plumbing and piping, fire protection sprinkler  
2170 systems, solar, heating, piping, cooling, chemical piping, sheet metal or  
2171 elevator installation, repair and maintenance equipment used in the  
2172 production of goods sold by industrial firms, except for products,  
2173 electrical, plumbing and piping systems and repair and maintenance  
2174 equipment used directly in the production of a product for human  
2175 consumption; (8) persons performing work necessary to the  
2176 manufacture or repair of any apparatus, appliances, fixtures,  
2177 equipment or devices produced by it for sale or lease; (9) employees of  
2178 stage and theatrical companies performing the operation, installation  
2179 and maintenance of electrical equipment if such installation  
2180 commences at an outlet receptacle or connection previously installed  
2181 by persons licensed to make such installation; (10) employees of  
2182 carnivals, circuses or similar transient amusement shows who install  
2183 electrical work, provided such installation shall be subject to the  
2184 approval of the State Fire Marshal prior to use as otherwise provided  
2185 by law and shall comply with applicable municipal ordinances and  
2186 regulations; (11) persons engaged in the installation, maintenance,  
2187 repair and service of glass or electrical, plumbing, fire protection  
2188 sprinkler systems, solar, heating, piping, cooling and sheet metal  
2189 equipment in and about single-family residences owned and occupied  
2190 or to be occupied by such persons; provided any such installation,  
2191 maintenance and repair shall be subject to inspection and approval by  
2192 the building official of the municipality in which such residence is  
2193 located and shall conform to the requirements of the State Building  
2194 Code; (12) persons who install, maintain or repair glass in a motor

2195 vehicle owned or leased by such persons; (13) persons or entities  
2196 holding themselves out to be retail sellers of glass products, but not  
2197 such persons or entities that also engage in automotive glass work or  
2198 flat glass work; (14) persons who install preglazed or preassembled  
2199 windows or doors in residential or commercial buildings; (15) persons  
2200 registered under chapter 400 who install safety-backed mirror  
2201 products or repair or replace flat glass in sizes not greater than thirty  
2202 square feet in residential buildings; [and] (16) sheet metal work  
2203 performed in residential buildings consisting of six units or less by  
2204 new home construction contractors registered pursuant to chapter  
2205 399a, by home improvement contractors registered pursuant to chapter  
2206 400 or by persons licensed pursuant to this chapter, when such work is  
2207 limited to exhaust systems installed for hoods and fans in kitchens and  
2208 baths, clothes dryer exhaust systems, radon vent systems, fireplaces,  
2209 fireplace flues, masonry chimneys or prefabricated metal chimneys  
2210 rated by the Underwriter's Laboratory or installation of stand-alone  
2211 appliances including wood, pellet or other stand-alone stoves that are  
2212 installed in residential buildings by such contractors or persons; and  
2213 (17) employees of or any contractor employed by and under the  
2214 direction of a properly licensed solar contractor, performing work  
2215 limited to the hoisting, placement and anchoring of solar collectors,  
2216 photovoltaic panels, towers or turbines.

2217 Sec. 53. Section 16-244c of the general statutes is repealed and the  
2218 following is substituted in lieu thereof (*Effective from passage*):

2219 (a) (1) On and after January 1, 2000, each electric distribution  
2220 company shall make available to all customers in its service area, the  
2221 provision of electric generation and distribution services through a  
2222 standard offer. Under the standard offer, a customer shall receive  
2223 electric services at a rate established by the Department of Public  
2224 Utility Control pursuant to subdivision (2) of this subsection. Each  
2225 electric distribution company shall provide electric generation services  
2226 in accordance with such option to any customer who affirmatively  
2227 chooses to receive electric generation services pursuant to the standard  
2228 offer or does not or is unable to arrange for or maintain electric

2229 generation services with an electric supplier. The standard offer shall  
2230 automatically terminate on January 1, 2004. While providing electric  
2231 generation services under the standard offer, an electric distribution  
2232 company may provide electric generation services through any of its  
2233 generation entities or affiliates, provided such entities or affiliates are  
2234 licensed pursuant to section 16-245.

2235 (2) Not later than October 1, 1999, the Department of Public Utility  
2236 Control shall establish the standard offer for each electric distribution  
2237 company, effective January 1, 2000, which shall allocate the costs of  
2238 such company among electric transmission and distribution services,  
2239 electric generation services, the competitive transition assessment and  
2240 the systems benefits charge. The department shall hold a hearing that  
2241 shall be conducted as a contested case in accordance with chapter 54 to  
2242 establish the standard offer. The standard offer shall provide that the  
2243 total rate charged under the standard offer, including electric  
2244 transmission and distribution services, the conservation and load  
2245 management program charge described in section 16-245m, the  
2246 renewable energy investment charge described in section 16-245n,  
2247 electric generation services, the competitive transition assessment and  
2248 the systems benefits charge shall be at least ten per cent less than the  
2249 base rates, as defined in section 16-244a, in effect on December 31,  
2250 1996. The standard offer shall be adjusted to the extent of any increase  
2251 or decrease in state taxes attributable to sections 12-264 and 12-265 and  
2252 any other increase or decrease in state or federal taxes resulting from a  
2253 change in state or federal law and shall continue to be adjusted during  
2254 such period pursuant to section 16-19b. Notwithstanding the  
2255 provisions of section 16-19b, the provisions of said section 16-19b shall  
2256 apply to electric distribution companies. The standard offer may be  
2257 adjusted, by an increase or decrease, to the extent approved by the  
2258 department, in the event that (A) the revenue requirements of the  
2259 company are affected as the result of changes in (i) legislative  
2260 enactments other than public act 98-28\*, (ii) administrative  
2261 requirements, or (iii) accounting standards occurring after July 1, 1998,  
2262 provided such accounting standards are adopted by entities

2263 independent of the company that have authority to issue such  
2264 standards, or (B) an electric distribution company incurs extraordinary  
2265 and unanticipated expenses required for the provision of safe and  
2266 reliable electric service to the extent necessary to provide such service.  
2267 Savings attributable to a reduction in taxes shall not be shifted between  
2268 customer classes.

2269 (3) The price reduction provided in subdivision (2) of this  
2270 subsection shall not apply to customers who, on or after July 1, 1998,  
2271 are purchasing electric services from an electric company or electric  
2272 distribution company, as the case may be, under a special contract or  
2273 flexible rate tariff, and the company's filed standard offer tariffs shall  
2274 reflect that such customers shall not receive the standard offer price  
2275 reduction.

2276 (b) (1) (A) On and after January 1, 2004, each electric distribution  
2277 company shall make available to all customers in its service area, the  
2278 provision of electric generation and distribution services through a  
2279 transitional standard offer. Under the transitional standard offer, a  
2280 customer shall receive electric services at a rate established by the  
2281 Department of Public Utility Control pursuant to subdivision (2) of  
2282 this subsection. Each electric distribution company shall provide  
2283 electric generation services in accordance with such option to any  
2284 customer who affirmatively chooses to receive electric generation  
2285 services pursuant to the transitional standard offer or does not or is  
2286 unable to arrange for or maintain electric generation services with an  
2287 electric supplier. The transitional standard offer shall terminate on  
2288 December 31, 2006. While providing electric generation services under  
2289 the transitional standard offer, an electric distribution company may  
2290 provide electric generation services through any of its generation  
2291 entities or affiliates, provided such entities or affiliates are licensed  
2292 pursuant to section 16-245.

2293 (B) The department shall conduct a proceeding to determine  
2294 whether a practical, effective, and cost-effective process exists under  
2295 which an electric customer, when initiating electric service, may

2296 receive information regarding selecting electric generating services  
2297 from a qualified entity. The department shall complete such  
2298 proceeding on or before December 1, 2005, and shall implement the  
2299 resulting decision on or before March 1, 2006, or on such later date that  
2300 the department considers appropriate. An electric distribution  
2301 company's costs of participating in the proceeding and implementing  
2302 the results of the department's decision shall be recoverable by the  
2303 company as generation services costs through an adjustment  
2304 mechanism as approved by the department.

2305 (2) (A) Not later than December 15, 2003, the Department of Public  
2306 Utility Control shall establish the transitional standard offer for each  
2307 electric distribution company, effective January 1, 2004.

2308 (B) The department shall hold a hearing that shall be conducted as a  
2309 contested case in accordance with chapter 54 to establish the  
2310 transitional standard offer. The transitional standard offer shall  
2311 provide that the total rate charged under the transitional standard  
2312 offer, including electric transmission and distribution services, the  
2313 conservation and load management program charge described in  
2314 section 16-245m, the renewable energy investment charge described in  
2315 section 16-245n, electric generation services, the competitive transition  
2316 assessment and the systems benefits charge, and excluding federally  
2317 mandated congestion costs, shall not exceed the base rates, as defined  
2318 in section 16-244a, in effect on December 31, 1996, excluding any rate  
2319 reduction ordered by the department on September 26, 2002.

2320 (C) (i) Each electric distribution company shall, on or before January  
2321 1, 2004, file with the department an application for an amendment of  
2322 rates pursuant to section 16-19, which application shall include a four-  
2323 year plan for the provision of electric transmission and distribution  
2324 services. The department shall conduct a contested case proceeding  
2325 pursuant to sections 16-19 and 16-19e, as amended by this act, to  
2326 approve, reject or modify the application and plan. Upon the approval  
2327 of such plan, as filed or as modified by the department, the department  
2328 shall order that such plan shall establish the electric transmission and

2329 distribution services component of the transitional standard offer.

2330 (ii) Notwithstanding the provisions of this subparagraph, an electric  
2331 distribution company that, on or after September 1, 2002, completed a  
2332 proceeding pursuant to sections 16-19 and 16-19e, shall not be required  
2333 to file an application for an amendment of rates as required by this  
2334 subparagraph. The department shall establish the electric transmission  
2335 and distribution services component of the transitional standard offer  
2336 for any such company equal to the electric transmission and  
2337 distribution services component of the standard offer established  
2338 pursuant to subsection (a) of this section in effect on July 1, 2003, for  
2339 such company. If such electric distribution company applies to the  
2340 department, pursuant to section 16-19, for an amendment of its rates  
2341 on or before December 31, 2006, the application of the electric  
2342 distribution company shall include a four-year plan.

2343 (D) The transitional standard offer (i) shall be adjusted to the extent  
2344 of any increase or decrease in state taxes attributable to sections 12-264  
2345 and 12-265 and any other increase or decrease in state or federal taxes  
2346 resulting from a change in state or federal law, (ii) shall be adjusted to  
2347 provide for the cost of contracts under subdivision (2) of subsection (j)  
2348 of this section and the administrative costs for the procurement of such  
2349 contracts, and (iii) shall continue to be adjusted during such period  
2350 pursuant to section 16-19b. Savings attributable to a reduction in taxes  
2351 shall not be shifted between customer classes. Notwithstanding the  
2352 provisions of section 16-19b, the provisions of section 16-19b shall  
2353 apply to electric distribution companies.

2354 (E) The transitional standard offer may be adjusted, by an increase  
2355 or decrease, to the extent approved by the department, in the event  
2356 that (i) the revenue requirements of the company are affected as the  
2357 result of changes in (I) legislative enactments other than public act 03-  
2358 135\* or public act 98-28\*, (II) administrative requirements, or (III)  
2359 accounting standards adopted after July 1, 2003, provided such  
2360 accounting standards are adopted by entities that are independent of  
2361 the company and have authority to issue such standards, or (ii) an

2362 electric distribution company incurs extraordinary and unanticipated  
2363 expenses required for the provision of safe and reliable electric service  
2364 to the extent necessary to provide such service.

2365 (3) The price provided in subdivision (2) of this subsection shall not  
2366 apply to customers who, on or after July 1, 2003, purchase electric  
2367 services from an electric company or electric distribution company, as  
2368 the case may be, under a special contract or flexible rate tariff,  
2369 provided the company's filed transitional standard offer tariffs shall  
2370 reflect that such customers shall not receive the transitional standard  
2371 offer price during the term of said contract or tariff.

2372 (4) (A) In addition to its costs received pursuant to subsection (h) of  
2373 this section, as compensation for providing transitional standard offer  
2374 service, each electric distribution company shall receive an amount  
2375 equal to five-tenths of one mill per kilowatt hour. Revenues from such  
2376 compensation shall not be included in calculating the electric  
2377 distribution company's earnings for purposes of, or in determining  
2378 whether its rates are just and reasonable under, sections 16-19, 16-19a  
2379 and 16-19e, including an earnings sharing mechanism. In addition,  
2380 each electric distribution company may earn compensation for  
2381 mitigating the prices of the contracts for the provision of electric  
2382 generation services, as provided in subdivision (2) of this subsection.

2383 (B) The department shall conduct a contested case proceeding  
2384 pursuant to the provisions of chapter 54 to establish an incentive plan  
2385 for the procurement of long-term contracts for transitional standard  
2386 offer service by an electric distribution company. The incentive plan  
2387 shall be based upon a comparison of the actual average firm full  
2388 requirements service contract price for electricity obtained by the  
2389 electric distribution company compared to the regional average firm  
2390 full requirements service contract price for electricity, adjusted for such  
2391 variables as the department deems appropriate, including, but not  
2392 limited to, differences in locational marginal pricing. If the actual  
2393 average firm full requirements service contract price obtained by the  
2394 electric distribution company is less than the actual regional average

2395 firm full requirements service contract price for the previous year, the  
2396 department shall split five-tenths of one mill per kilowatt hour equally  
2397 between ratepayers and the company. Revenues from such incentive  
2398 plan shall not be included in calculating the electric distribution  
2399 company's earnings for purposes of, or in determining whether its  
2400 rates are just and reasonable under sections 16-19, 16-19a and 16-19e.  
2401 The department may, as it deems necessary, retain a third party entity  
2402 with expertise in energy procurement to assist with the development  
2403 of such incentive plan.

2404 (c) (1) On and after [January 1, 2007,] the effective date of this  
2405 section, each electric distribution company shall provide electric  
2406 generation services through standard service to any customer who (A)  
2407 does not arrange for or is not receiving electric generation services  
2408 from an electric supplier [,] and [(B) does not use a demand meter or]  
2409 has a maximum demand of less than five hundred kilowatts, and (B) is  
2410 a school district or municipality.

2411 (2) Not later than October 1, 2006, and [periodically as required by  
2412 subdivision (3) of this subsection, but not more often than every  
2413 calendar quarter] annually thereafter, the Department of Public Utility  
2414 Control shall establish the standard service price for such customers  
2415 pursuant to [subdivision (3) of] this subsection except the department  
2416 may adjust the price more frequently if it determines that such  
2417 adjustment would be in the best interest of ratepayers, but not more  
2418 than once every six months. Each electric distribution company shall  
2419 recover the actual net costs of procuring and providing electric  
2420 generation services pursuant to this subsection, provided such  
2421 company mitigates the costs it incurs for the procurement of electric  
2422 generation services for customers who are no longer receiving service  
2423 pursuant to this subsection.

2424 (3) On or before August 1, 2007, the electric distribution companies  
2425 shall file with the Department of Public Utility Control a proposal to  
2426 establish principles and standards that shall govern the manner in  
2427 which the companies enter into, and the department reviews and

2428 grants approval to, bilateral contracts to provide standard service  
2429 supply. The department, in consultation with the Office of Consumer  
2430 Counsel, shall conduct a contested case proceeding to approve, modify  
2431 or reject said proposal. No electric distribution company may initiate  
2432 any bilateral negotiations for standard service contracts before the  
2433 department's adoption of the principles and standards required  
2434 pursuant to this section.

2435 [(3) An] (4) Until December 31, 2007, an electric distribution  
2436 company providing electric generation services pursuant to this  
2437 subsection shall mitigate the variation of the price of the service  
2438 offered to its customers by procuring electric generation services  
2439 contracts in the manner prescribed in a plan approved by the  
2440 department. Such plan shall require the procurement of a portfolio of  
2441 service contracts sufficient to meet the projected load of the electric  
2442 distribution company. Such plan shall require that the portfolio of  
2443 service contracts be procured in an overlapping pattern of fixed  
2444 periods at such times and in such manner and duration as the  
2445 department determines to be most likely to produce just, reasonable  
2446 and reasonably stable retail rates while reflecting underlying  
2447 wholesale market prices over time. The portfolio of contracts shall be  
2448 assembled in such manner as to invite competition; guard against  
2449 favoritism, improvidence, extravagance, fraud and corruption; and  
2450 secure a reliable electricity supply while avoiding unusual, anomalous  
2451 or excessive pricing. The portfolio of contracts procured under such  
2452 plan shall be for terms of not less than six months, provided contracts  
2453 for shorter periods may be procured under such conditions as the  
2454 department shall prescribe to (A) ensure for end-use customers the  
2455 lowest rates possible, [for end-use customers] giving due consideration  
2456 to risk and amount of volatility in the overall rates; (B) ensure reliable  
2457 service under extraordinary circumstances; and (C) ensure the prudent  
2458 management of the contract portfolio. An electric distribution  
2459 company may receive a bid for an electric generation services contract  
2460 from any of its generation entities or affiliates, provided such  
2461 generation entity or affiliate submits its bid the business day preceding

2462 the first day on which an unaffiliated electric supplier may submit its  
2463 bid and further provided the electric distribution company and the  
2464 generation entity or affiliate are in compliance with the code of  
2465 conduct established in section 16-244h.

2466 [(4) The] (5) On and after January 1, 2008, an electric distribution  
2467 company providing electric generation services pursuant to this  
2468 subsection shall mitigate the variation of the price of the service  
2469 offered to its customers by procuring electric generation services in the  
2470 manner prescribed in a standard service procurement plan approved  
2471 by the department. Such plan shall be consistent with the resource  
2472 procurement plan approved pursuant to section 55 of this act, when  
2473 available, and shall specify the method for purchasing power for  
2474 standard service, and may require the electric distribution company to  
2475 (A) procure load following, full requirements service contracts in a  
2476 manner similar to that pursuant to subdivision (3) of this subsection;  
2477 (B) procure individual electric supply components directly from a  
2478 supplier, or generator, including, but not limited to, base load,  
2479 intermediate and peaking energy resource, capacity and other power  
2480 supply services, using both requests for proposals and bilateral  
2481 contracts outside the request for proposal process; and (C) procure  
2482 physical and financial hedges to manage prices, including, but not  
2483 limited to, tolling arrangements and financial transmission rights. Such  
2484 plan shall describe how an electric distribution company shall, over  
2485 time, transition to its new supply aggregation role as described in this  
2486 section from the current method of procuring power supply pursuant  
2487 to subdivision (4) of this subsection to a mix of the procurement  
2488 options described in this section. Once its procurement plan has been  
2489 approved by the department, an electric distribution company shall be  
2490 allowed to manage the power supply portfolio on a real-time basis,  
2491 thereby enabling it to optimize supply for the benefit of customers. The  
2492 department shall set standard service rates annually by combining the  
2493 costs of the arrangements undertaken under the procurement plan,  
2494 provided such rates will be trued up to actual revenues and expenses  
2495 twice per year, with any over or under recovery being included in

2496 either the current period or subsequent standard service rate, as  
2497 determined by the department. An electric distribution company shall  
2498 be entitled to collect the reasonable costs it incurs to provide such  
2499 service.

2500 (6) In approving the plans pursuant to subdivisions (4) and (5) of  
2501 this subsection, the department, in consultation with the Office of  
2502 Consumer Counsel, shall retain the services of a third-party entity with  
2503 expertise in the area of energy procurement to oversee the initial  
2504 development of the request for proposals and the procurement of  
2505 contracts by an electric distribution company for the provision of  
2506 electric generation services offered pursuant to this subsection. Costs  
2507 associated with the retention of such third-party entity shall be  
2508 included in the cost of electric generation services that is included in  
2509 such price.

2510 [(5) Each] (7) For resources acquired pursuant to a request for  
2511 proposal process, each bidder for a standard service contract shall  
2512 submit its bid to the electric distribution company and the third-party  
2513 entity who shall jointly review the bids, conduct an analysis of the cost  
2514 of such proposal and submit an overview of all bids together with a  
2515 joint recommendation to the department as to the preferred bidders.  
2516 The department shall make available to the Office of Consumer  
2517 Counsel and the Attorney General all bids it receives pursuant to this  
2518 subsection, provided the bids and any analysis of such bids shall not  
2519 be subject to disclosure under the Freedom of Information Act for a  
2520 period of three months. The department may, [within ten] not later  
2521 than two business days [of] after submission of the overview, reject the  
2522 recommendation regarding preferred bidders. In the event that the  
2523 department rejects the preferred bids, the electric distribution  
2524 company and the third-party entity shall rebid the service pursuant to  
2525 this subdivision. For other resources acquired by an electric  
2526 distribution company pursuant to subdivision (5) of this subsection,  
2527 such company shall submit information on such acquisitions to the  
2528 department as shall be specified in the procurement plan.

2529       (8) Upon approval of the preferred bids by the department, the  
2530 respective electric distribution company shall enter into contracts with  
2531 approved bidders. The department shall approve or reject such  
2532 contracts not later than seven calendar days after such contracts are  
2533 entered into, but can extend such period an additional seven days with  
2534 the consent of all parties.

2535       (9) Not later than October 1, 2009, and biennially thereafter, the  
2536 department shall conduct a contested case proceeding in accordance  
2537 with chapter 54 to review the efficacy of the process of procuring  
2538 contracts pursuant to this subsection including as assessment of the  
2539 extent to which the standards set forth in sections 55 and 58 of this act  
2540 are met.

2541       (d) (1) [~~Notwithstanding~~] Not later than January 1, 2008, and on a  
2542 continuing basis, notwithstanding the provisions of this section  
2543 regarding the electric generation services component of the transitional  
2544 standard offer or the procurement of electric generation services under  
2545 standard service, section 16-244h or 16-245o, the Department of Public  
2546 Utility Control [may, from time to time, direct an electric distribution  
2547 company] shall direct the electric distribution companies to offer,  
2548 through an electric supplier or electric suppliers, [before January 1,  
2549 2007, one or more alternative transitional standard offer options or, on  
2550 or after January 1, 2007,] one or more [alternative standard] renewable  
2551 service options. Such [alternative] renewable service options shall  
2552 include, but not be limited to, an option that consists of the provision  
2553 of electric generation services that exceed the renewable portfolio  
2554 standards established in section 16-245a and an option that allows  
2555 consumers to purchase renewable energy directly and may include an  
2556 option that utilizes strategies or technologies that reduce the overall  
2557 consumption of electricity of the customer.

2558       (2) (A) The department shall develop such [alternative] renewable  
2559 service option or options in [a contested case] contested cases, as  
2560 necessary, conducted in accordance with the provisions of chapter 54.  
2561 The department shall determine the terms and conditions of such

2562 [alternative] renewable service option or options, including, but not  
2563 limited to, (i) the minimum contract terms, including pricing, length  
2564 and termination of the contract, and (ii) the minimum percentage of  
2565 electricity derived from Class I or Class II renewable energy sources, if  
2566 applicable. The electric distribution [company] companies shall, under  
2567 the supervision of the department, subsequently conduct a bidding  
2568 process in order to solicit electric suppliers to provide such  
2569 [alternative] renewable service option or options.

2570 (B) The department may reject some or all of the bids received  
2571 pursuant to the bidding process.

2572 (3) The department may require an electric supplier to provide  
2573 forms of assurance to satisfy the department that the contracts  
2574 resulting from the bidding process will be fulfilled.

2575 (4) An electric supplier who fails to fulfill its contractual obligations  
2576 resulting from this subdivision shall be subject to civil penalties, in  
2577 accordance with the provisions of section 16-41, or the suspension or  
2578 revocation of such supplier's license or a prohibition on the acceptance  
2579 of new customers, following a hearing that is conducted as a contested  
2580 case, in accordance with the provisions of chapter 54.

2581 (e) (1) On and after January 1, 2007, an electric distribution company  
2582 shall serve customers that are not eligible to receive standard service  
2583 pursuant to subsection (c) of this section as the supplier of last resort.  
2584 This subsection shall not apply to customers purchasing power under  
2585 contracts entered into pursuant to section 16-19hh. Any customer  
2586 previously receiving electric generation services from an electric  
2587 supplier shall not be eligible to receive supplier of last resort service  
2588 pursuant to this subsection unless such customer agrees to receive  
2589 supplier of last resort service for a period of not less than one year.

2590 (2) An electric distribution company shall procure electricity to  
2591 provide electric generation services to customers pursuant to this  
2592 subsection. The Department of Public Utility Control shall determine a  
2593 price for such customers that reflects the full cost of providing the

2594 electricity on a monthly basis and that is consistent with the approved  
2595 procurement and deployment plan pursuant to section 55 of this act or,  
2596 on an alternative basis as determined pursuant to subdivision (3) of  
2597 this subsection. Each electric distribution company shall recover the  
2598 actual net costs of procuring and providing electric generation services  
2599 pursuant to this subsection, provided such company mitigates the  
2600 costs it incurs for the procurement of electric generation services for  
2601 customers that are no longer receiving service pursuant to this  
2602 subsection.

2603 (3) On or after July 1, 2008, the Department of Public Utility Control  
2604 may conduct a contested case proceeding to study the frequency with  
2605 which it should determine the price for supplier of last resort service.

2606 (f) On and after January 1, 2000, and until such time the regional  
2607 independent system operator implements procedures for the provision  
2608 of back-up power to the satisfaction of the Department of Public Utility  
2609 Control, each electric distribution company shall provide electric  
2610 generation services to any customer who has entered into a service  
2611 contract with an electric supplier that fails to provide electric  
2612 generation services for reasons other than the customer's failure to pay  
2613 for such services. Between January 1, 2000, and December 31, 2006, an  
2614 electric distribution company may procure electric generation services  
2615 through a competitive bidding process or through any of its generation  
2616 entities or affiliates. On and after January 1, 2007, such company shall  
2617 procure electric generation services through a competitive bidding  
2618 process pursuant to a plan submitted by the electric distribution  
2619 company and approved by the department. Such company may  
2620 procure electric generation services through any of its generation  
2621 entities or affiliates, provided such entity or affiliate is the lowest  
2622 qualified bidder and provided further any such entity or affiliate is  
2623 licensed pursuant to section 16-245.

2624 (g) An electric distribution company is not required to be licensed  
2625 pursuant to section 16-245 to provide standard offer electric generation  
2626 services in accordance with subsection (a) of this section, transitional

2627 standard offer service pursuant to subsection (b) of this section,  
2628 standard service pursuant to subsection (c) of this section, supplier of  
2629 last resort service pursuant to subsection (e) of this section or back-up  
2630 electric generation service pursuant to subsection (f) of this section.

2631 (h) The electric distribution company shall be entitled to recover  
2632 reasonable costs incurred as a result of providing standard offer  
2633 electric generation services pursuant to the provisions of subsection (a)  
2634 of this section, transitional standard offer service pursuant to  
2635 subsection (b) of this section, standard service pursuant to subsection  
2636 (c) of this section or back-up electric generation service pursuant to  
2637 subsection (f) of this section. The provisions of this section and section  
2638 16-244a shall satisfy the requirements of section 16-19a until January 1,  
2639 2007.

2640 (i) The Department of Public Utility Control shall establish, by  
2641 regulations adopted pursuant to chapter 54, procedures for when and  
2642 how a customer is notified that his electric supplier has defaulted and  
2643 of the need for the customer to choose a new electric supplier within a  
2644 reasonable period of time.

2645 (j) (1) Notwithstanding the provisions of subsection (d) of this  
2646 section regarding [an alternative transitional standard offer option or  
2647 an alternative standard] a renewable service option, an electric  
2648 distribution company providing transitional standard offer service,  
2649 standard service, supplier of last resort service or back-up electric  
2650 generation service in accordance with this section shall contract with  
2651 its wholesale suppliers to comply with the renewable portfolio  
2652 standards. The Department of Public Utility Control shall annually  
2653 conduct a contested case, in accordance with the provisions of chapter  
2654 54, in order to determine whether the electric distribution company's  
2655 wholesale suppliers met the renewable portfolio standards during the  
2656 preceding year. An electric distribution company shall include a  
2657 provision in its contract with each wholesale supplier that requires the  
2658 wholesale supplier to pay the electric distribution company an amount  
2659 of five and one-half cents per kilowatt hour if the wholesale supplier

2660 fails to comply with the renewable portfolio standards during the  
2661 subject annual period. The electric distribution company shall  
2662 promptly transfer any payment received from the wholesale supplier  
2663 for the failure to meet the renewable portfolio standards to the  
2664 Renewable Energy Investment Fund for the development of Class I  
2665 renewable energy sources. Any payment made pursuant to this section  
2666 shall not be considered revenue or income to the electric distribution  
2667 company.

2668 (2) Notwithstanding the provisions of subsection (d) of this section  
2669 regarding [an alternative transitional standard offer option or an  
2670 alternative standard] a renewable service option, an electric  
2671 distribution company providing transitional standard offer service,  
2672 standard service, supplier of last resort service or back-up electric  
2673 generation service in accordance with this section shall, not later than  
2674 July 1, 2008, file with the Department of Public Utility Control for its  
2675 approval one or more long-term power purchase contracts from Class I  
2676 renewable energy source projects that receive funding from the  
2677 Renewable Energy Investment Fund and that are not less than one  
2678 megawatt in size, at a price that is either, at the determination of the  
2679 project owner, (A) not more than the total of the comparable wholesale  
2680 market price for generation plus five and one-half cents per kilowatt  
2681 hour, or (B) fifty per cent of the wholesale market electricity cost at the  
2682 point at which transmission lines intersect with each other or interface  
2683 with the distribution system, plus the project cost of fuel indexed to  
2684 natural gas futures contracts on the New York Mercantile Exchange at  
2685 the natural gas pipeline interchange located in Vermillion Parish,  
2686 Louisiana that serves as the delivery point for such futures contracts,  
2687 plus the fuel delivery charge for transporting fuel to the project, plus  
2688 five and one-half cents per kilowatt hour. The department shall  
2689 approve or reject such contracts not later than thirty calendar days  
2690 after such contract is filed, unless the department determines before  
2691 the expiration of that period that additional time is needed, but in no  
2692 event longer than a total of sixty days. If the department does not issue  
2693 a decision within sixty calendar days, the contract shall be deemed to

2694 have been approved. In its approval of such contracts, the department  
2695 shall give preference to purchase contracts from those projects that  
2696 would provide a financial benefit to ratepayers or would enhance the  
2697 reliability of the electric transmission system of the state. Such projects  
2698 shall be located in this state. The owner of a fuel cell project principally  
2699 manufactured in this state shall be allocated all available air emissions  
2700 credits and tax credits attributable to the project and no less than fifty  
2701 per cent of the energy credits in the Class I renewable energy credits  
2702 program established in section 16-245a attributable to the project.  
2703 [Such] On and after January 1, 2007, and until September 30, 2008, such  
2704 contracts shall be comprised of not less than a total, apportioned  
2705 among each electric distribution company, of one hundred twenty-five  
2706 megawatts; and on and after October 1, 2008, such contracts shall be  
2707 comprised of not less than a total, apportioned among each electrical  
2708 distribution company, of one hundred fifty megawatts. The cost of  
2709 such contracts and the administrative costs for the procurement of  
2710 such contracts directly incurred shall be eligible for inclusion in the  
2711 adjustment to the transitional standard offer as provided in this section  
2712 and any subsequent rates for standard service, provided such contracts  
2713 are for a period of time sufficient to provide financing for such  
2714 projects, but not less than ten years, and are for projects which began  
2715 operation on or after July 1, 2003. Except as provided in this  
2716 subdivision, the amount from Class I renewable energy sources  
2717 contracted under such contracts shall be applied to reduce the  
2718 applicable Class I renewable energy source portfolio standards. For  
2719 purposes of this subdivision, the department's determination of the  
2720 comparable wholesale market price for generation shall be based upon  
2721 a reasonable estimate. On or before July 1, 2007, the department, in  
2722 consultation with the Office of Consumer Counsel and the Renewable  
2723 Energy Investments Advisory Council, shall initiate a study of the  
2724 operation of such renewable energy contracts and report its findings  
2725 and recommendations to the joint standing committee of the General  
2726 Assembly having cognizance of matters relating to energy.

2727 Sec. 54. (NEW) (*Effective from passage*) On or before September 1,

2728 2007, any person may, and an electric distribution company shall,  
2729 submit a plan to build peaking generation, or the electric distribution  
2730 companies may submit a joint ownership plan to build peaking  
2731 generation, to be heard in a contested case proceeding before the  
2732 Department of Public Utility Control. An electric distribution  
2733 company's plan shall include its full projected costs, and shall  
2734 demonstrate to the department that its plan is not supported in any  
2735 form of cross subsidization by affiliated entities. Any plan approved  
2736 by the department shall (1) include a requirement that the owner of the  
2737 peaking generation is compensated at cost of service plus reasonable  
2738 rate of return as determined by the department, and (2) require that  
2739 such peaking generation facility is operated at such times and such  
2740 capacity so as to reduce overall electricity rates for consumers. The  
2741 department may retain a consultant to assist the department in  
2742 determining if projected costs included in the plan are good faith  
2743 preliminary estimates, and the department may require modification  
2744 of the plan as necessary to protect the best interests of ratepayers. Not  
2745 later than one hundred twenty days after the plan is submitted, the  
2746 department shall approve the plan unless it demonstrates in detail,  
2747 pursuant to section 16-19e of the general statutes, as amended by this  
2748 act, that such plan is not in the best interests of ratepayers. The  
2749 department shall request that any person submitting a plan submit  
2750 further information that the department determines to be in the public  
2751 interest that the department shall use in evaluating the proposal. Such  
2752 person shall only recover the just and reasonable costs of construction  
2753 of the facility and, in an annual retail generation rate contested case,  
2754 shall be entitled to recover its prudently incurred costs of such project,  
2755 including, but not limited to, capital costs, operation and maintenance  
2756 expenses, depreciation, fuel costs, taxes and other governmental  
2757 charges and a reasonable rate of return on equity. The department  
2758 shall review such recovery of costs consistent with the principles set  
2759 forth in sections 16-19, 16-19b and 16-19e of the general statutes, as  
2760 amended by this act, provided the return on equity associated with  
2761 such project shall be established in the initial annual contested case  
2762 proceeding under this subsection and updated at least once every four

2763 years. A person operating a peaking generation unit pursuant to the  
2764 provisions of this section shall bid the unit into all regional  
2765 independent system operator markets, including the energy market,  
2766 capacity market or forward reserve market, using cost of service  
2767 principles and in accordance with guidelines established by the  
2768 Department of Public Utility Control each year in the annual retail  
2769 generation rate case referred to herein.

2770 Sec. 55. (NEW) (*Effective from passage*) (a) The electric distribution  
2771 companies shall conduct an energy and capacity resource assessment  
2772 and develop a comprehensive plan for the procurement and  
2773 deployment of energy resources, including, but not limited to,  
2774 conventional and renewable generating facilities, energy conservation,  
2775 energy efficiency, load management, demand response, transmission  
2776 combined heat and power facilities and distributed generation to meet  
2777 the projected requirements of their customers in a manner that  
2778 minimizes the cost and price volatility of such resources to customers  
2779 over time and maximizes consumer benefits consistent with the state's  
2780 environmental goals and standards. On or before January 1, 2008, and  
2781 every two years thereafter, the companies shall submit to the  
2782 Connecticut Energy Advisory Board, established pursuant to section  
2783 16a-3 of the general statutes, as amended by this act, an assessment of  
2784 (1) the energy and capacity requirements of customers for the next  
2785 three, five and ten years, (2) the impact of current and projected  
2786 environmental standards, including, but not limited to, those related to  
2787 greenhouse gas emissions and the federal Clean Air Act goals and how  
2788 different resources could help achieve those standards and goals, (3)  
2789 energy security and economic risks associated with potential energy  
2790 resources, and (4) the estimated lifetime cost and availability of  
2791 potential energy resources, including those related to reliability and  
2792 price volatility.

2793 (b) Resource needs shall first be met through all available energy  
2794 efficiency and demand reduction resources that are cost effective,  
2795 reliable and feasible. The plan shall specify (1) the total amount of  
2796 energy and capacity resources needed to meet the requirements of all

2797 customers, (2) the extent to which demand side measures, including  
2798 efficiency, conservation, demand response and load management can  
2799 cost-effectively meet these needs, (3) needs for generating capacity and  
2800 transmission and distribution improvements, and (4) how the  
2801 development of such resources will reduce and stabilize the costs of  
2802 electricity to consumers.

2803 (c) The procurement and deployment plan shall consider: (1)  
2804 Approaches to maximizing the impact of demand side measures; (2)  
2805 the extent to which generation needs can be met by renewable and  
2806 combined heat and power facilities and by the impact of regional  
2807 market incentives; (3) types and locations for generation that would  
2808 optimize the generation portfolio within the state; (4) fuel types,  
2809 diversity, availability, firmness of supply and security and  
2810 environmental impacts thereof, including impacts on meeting the  
2811 state's greenhouse gas emission goals; (5) reliability, peak load and  
2812 energy forecasts, system contingencies and existing resource  
2813 availabilities; (6) import limitations and the appropriate reliance on  
2814 such imports; (7) the costs and benefits of options for the ownership of  
2815 energy resources; (8) if it is in the best interest of customers, how new  
2816 resources could be integrated into the standard service and last-resort  
2817 service provided pursuant to section 16-244c of the general statutes, as  
2818 amended by this act; and (9) the impact of the plan on the costs of  
2819 electric customers, including, but not limited to, effects on capacity and  
2820 energy costs, rate stability and affordability for low-income customers.

2821 (d) The board, in consultation with the regional independent system  
2822 operator, in-state generators and other interested stakeholders, shall  
2823 review and approve the proposed procurement and deployment plan  
2824 as submitted not later than one hundred twenty days after receipt. The  
2825 companies shall provide any additional information requested by the  
2826 board that is relevant to the consideration of the plan. In the course of  
2827 conducting such review, the board may retain the services of a third-  
2828 party entity with experience in the area of energy procurement and  
2829 may consult with the regional independent system operator. The board  
2830 shall submit the reviewed plan, together with a statement of any

2831 unresolved issues, to the Department of Public Utility Control. The  
2832 department shall consider the plan in an uncontested proceeding and  
2833 shall provide an opportunity for interested parties to submit comments  
2834 regarding the plan. Not later than one hundred fifty days after  
2835 submission of the plan, the department shall approve, or modify and  
2836 approve, the plan.

2837 (e) All reasonable costs associated with the development of the  
2838 resource assessment and procurement and deployment plan shall be  
2839 recoverable by the electric distribution companies through the  
2840 nonbypassable federally mandated congestion charge, as defined in  
2841 section 16-1 of the general statutes, as amended by this act, the  
2842 generation services charge or other charge consistent with section 16-  
2843 19 of the general statutes and section 16-19e of the general statutes, as  
2844 amended by this act.

2845 (f) The board shall meet at least quarterly to consider progress in the  
2846 implementation of the procurement and deployment plan and any  
2847 changes in circumstances that might affect the resource needs or said  
2848 procurement plan. The board may, at any time, recommend to the  
2849 companies and to the department that said plan be modified based on  
2850 a substantial change in the need for or availability of resources. The  
2851 companies or the department, on its own motion with notice to the  
2852 board, may also request consideration of plan modifications based on  
2853 changes in circumstance. The department shall consider any such  
2854 request in an uncontested proceeding.

2855 Sec. 56. (NEW) (*Effective from passage*) (a) The Department of Public  
2856 Utility Control shall implement the procurement and deployment plan  
2857 established in section 55 of this act by (1) issuing requests for proposals  
2858 pursuant to section 58 of this act to meet specified energy resource  
2859 needs set forth in the plan or by directing the electric distribution  
2860 companies to issue such requests for proposals, (2) directing the  
2861 electric distribution companies to incorporate additional demand-side  
2862 measures set forth in the plan into the comprehensive conservation  
2863 and load management plan prepared pursuant to section 16-245m of

2864 the general statutes for review by the Energy Conservation  
2865 Management Board, (3) directing the distribution companies to submit  
2866 proposals for specific transmission or distribution improvements,  
2867 generation projects or other projects set forth in the plan, or (4) taking  
2868 other actions within its authority to implement the plan.

2869 (b) Effective January 1, 2008, until the comprehensive plan is  
2870 implemented by the department, the electric distribution companies  
2871 shall include all available energy efficiency and demand reduction  
2872 resources that are cost effective, reliable and feasible in the  
2873 comprehensive conservation and load management plan prepared  
2874 pursuant to section 16-245m of the general statutes for review by the  
2875 Energy Conservation Management Board.

2876 Sec. 57. Section 16a-3 of the general statutes is repealed and the  
2877 following is substituted in lieu thereof (*Effective from passage*):

2878 (a) There is established a Connecticut Energy Advisory Board  
2879 consisting of nine members, including the Commissioner of  
2880 Environmental Protection, [the chairperson of the Public Utilities  
2881 Control Authority, the Commissioner of Transportation,] the  
2882 Consumer Counsel, [the Commissioner of Agriculture,] the executive  
2883 director of Connecticut Innovations, Incorporated, and the Secretary of  
2884 the Office of Policy and Management, or their respective designees.  
2885 The Governor shall appoint [one member, the] a representative of a  
2886 state-wide business association, a representative of a state-wide  
2887 manufacturing association and a representative of low-income  
2888 ratepayers. The president pro tempore of the Senate shall appoint [one  
2889 member, and the] a representative of an environmental organization  
2890 who is knowledgeable in energy efficiency programs. The speaker of  
2891 the House of Representatives shall appoint [one member, all of whom]  
2892 a representative of a consumer advocacy organization. All appointed  
2893 members shall serve in accordance with section 4-1a. The appointing  
2894 authorities shall make all appointments within ninety days of the  
2895 effective date of this section. No appointee may be employed by, or a  
2896 consultant of, a public service company, as defined in section 16-1, as

2897 amended by this act, or an electric supplier, as defined in section 16-1,  
2898 amended by this act, or an affiliate or subsidiary of such company or  
2899 supplier.

2900 (b) The board shall, (1) prepare an annual report pursuant to section  
2901 16a-7a; (2) represent the state in regional energy system planning  
2902 processes conducted by the regional independent system operator, as  
2903 defined in section 16-1, as amended by this act; (3) encourage  
2904 representatives from the municipalities that are affected by a proposed  
2905 project of regional significance to participate in regional energy system  
2906 planning processes conducted by the regional independent system  
2907 operator; (4) issue a request-for-proposal in accordance with  
2908 subsections (b) and (c) of section 16a-7c; (5) evaluate the proposals  
2909 received pursuant to the request-for-proposal in accordance with  
2910 subsection (f) of section 16a-7c; (6) participate in a forecast proceeding  
2911 conducted pursuant to subsection (a) of section 16-50r; [and] (7)  
2912 participate in a life-cycle proceeding conducted pursuant to subsection  
2913 (b) of section 16-50r; and (8) review the procurement and deployment  
2914 plan submitted by the electric distribution companies pursuant to  
2915 section 55 of this act.

2916 (c) The board shall elect a chairman and a vice-chairman from  
2917 among its members and shall adopt such rules of procedure as are  
2918 necessary to carry out its functions.

2919 (d) The board shall convene its first meeting not later than  
2920 September 1, 2003. A quorum of the board shall consist of two-thirds  
2921 of the members currently serving on the board.

2922 (e) The board shall employ such staff as is required for the proper  
2923 discharge of its duties. The board may also retain any third-party  
2924 consultants it deems necessary to accomplish the goals set forth in  
2925 subsection (b) of this section. The board shall annually submit to the  
2926 Department of Public Utility Control a proposal regarding the level of  
2927 funding required for the discharge of its duties, which proposal shall  
2928 be approved by the department either as submitted or as modified by

2929 the department.

2930 (f) The Connecticut Energy Advisory Board shall be within the  
2931 Office of Policy and Management for administrative purposes only.

2932 Sec. 58. (NEW) (*Effective from passage*) (a) Pursuant to the assessment  
2933 conducted pursuant to section 55 of this act, the Department of Public  
2934 Utility Control shall conduct a contested case proceeding to develop  
2935 and issue a request for proposals pursuant to subdivision (1) of  
2936 subsection (a) of section 56 of this act to solicit the development of  
2937 demand response, efficiency and load management and new,  
2938 expanded or repowered cost-of-service generation to address any  
2939 deficiencies or needs identified in the assessment prepared pursuant to  
2940 section 55 of this act. A person, including an electric distribution  
2941 company submitting a proposal pursuant to this subsection, shall  
2942 include draft contracts containing information required by subsection  
2943 (d) of this section in its submission, with compensation based  
2944 exclusively on cost-of-service, including, but not limited to, a  
2945 reasonable rate of return of and on prudent investment, operation and  
2946 maintenance expenses, depreciation, fuel costs, taxes and other  
2947 governmental charges. The department shall review the recovery of  
2948 such charges in an annual, contested rate case as to all the units or  
2949 measures owned by each person with a contract pursuant to this  
2950 section, and said contract shall expressly subject such person to such  
2951 review by the department. The department shall review such recovery  
2952 of costs consistent with the principles set forth in sections 16-19, 16-19b  
2953 and 16-19e of the general statutes, as amended by this act, provided  
2954 the return on equity associated with such project shall be established in  
2955 the initial annual contested case proceeding under this subsection for  
2956 each person and updated at least once every four years. The  
2957 department may retain a third-party consultant to help determine  
2958 whether projected costs submitted by any person are reasonable  
2959 preliminary estimates or whether the department should reject or  
2960 require modification of any proposals that do not reflect reasonable  
2961 estimates. The department may request that a person submitting a  
2962 proposal submit further information that the department determines to

2963 be in the public interest, which the department may use in evaluating  
2964 the proposal. The department shall approve contracts consistent with  
2965 the principles set forth in sections 16-19, 16-19b and 16-19e of the  
2966 general statutes, as amended by this act. The department shall reject  
2967 proposals that are not in the best interests of customers.

2968 (b) The Department of Public Utility Control shall evaluate  
2969 proposals received pursuant to subsection (a) of this section and may  
2970 approve one or more of such proposals. The department shall evaluate  
2971 the proposals based on an analysis of the expected costs and benefits of  
2972 the proposals, consistency with environmental sustainability,  
2973 reduction and stabilization of electric rates, market power risks, the  
2974 promotion of fuel diversity and the reduction or overall minimization  
2975 of increases in greenhouse gas emissions. The department shall only  
2976 approve such proposals that have expected benefits in excess of  
2977 expected costs and are in the best long-term interest of the customers  
2978 of the state. All proposals received by the department pursuant to this  
2979 section shall be available for public review six months after  
2980 department approval or rejection.

2981 (c) The Department of Public Utility Control shall publish requests  
2982 for proposals under this section in one or more newspapers or  
2983 periodicals, as selected by the department, and shall post such requests  
2984 for proposals on its web site. The department may retain the services  
2985 of a third-party entity with expertise in the area of energy procurement  
2986 to oversee the development of the requests for proposals and to assist  
2987 the department in its approval of proposals pursuant to this section.  
2988 The reasonable and proper expenses for retaining such third-party  
2989 entity shall be recoverable through federally mandated congestion  
2990 charges, as defined in section 16-1 of the general statutes, as amended  
2991 by this act, which charges the department shall allocate to electric  
2992 distribution companies in proportion to their revenue.

2993 (d) Any person, other than an electric distribution company,  
2994 submitting a proposal pursuant to this section shall include with its  
2995 proposal a draft of a contract that includes the transfer to the electric

2996 distribution company of all rights to payment or to assignment of  
2997 credits related to the facility, including, but not limited to, energy,  
2998 installed capacity, forward reserve capacity, locational forward reserve  
2999 capacity, environmental credits and all other similar or ancillary  
3000 products associated with such proposal. The draft contract shall also  
3001 include security for ensuring performance of the contractual  
3002 obligations. No such contract shall have a term exceeding fifteen years.  
3003 Such contract shall include such provisions as the Department of  
3004 Public Utility Control directs.

3005 (e) An electric distribution company submitting a proposal pursuant  
3006 to this section shall expressly state in its proposal that, in return for  
3007 payment based on cost-of-service pursuant to subsection (a) of this  
3008 section, such company will hold for the benefit of ratepayers all other  
3009 rights to payment or assignment of environmental credits that derive  
3010 from a contract pursuant to this section.

3011 (f) An electric distribution company shall enter into contracts to  
3012 implement those proposals approved pursuant to this section, and  
3013 shall apply to the Department of Public Utility Control for approval of  
3014 each such contract. After thirty days, either party may request the  
3015 assistance of the department to resolve any outstanding issues. No  
3016 such contract may become effective without approval of the  
3017 department. The department shall hold a hearing that shall be  
3018 conducted as a contested case, in accordance with the provisions of  
3019 chapter 54 of the general statutes, to approve, reject or modify an  
3020 application for approval of such contracts. Such a contract shall contain  
3021 terms that mitigate the long-term risk assumed by customers. The  
3022 electric distribution company shall recover all reasonable costs  
3023 incurred in implementing this section, including all costs incurred as a  
3024 result of such contracts, through nonbypassable federally mandated  
3025 congestion charges.

3026 (g) Projects approved pursuant to this section are eligible for  
3027 expedited siting through a petition for declaratory ruling pursuant to  
3028 subsection (a) of section 16-50k of the general statutes, as amended by

3029 this act. The provisions of section 16a-7c of the general statutes shall  
3030 not apply to projects approved pursuant to this section.

3031 (h) All department reviews pursuant to this section shall be  
3032 consistent with the principles set forth in sections 16-19, 16-19b and 16-  
3033 19c of the general statutes.

3034 Sec. 59. (*Effective July 1, 2007*) (a) On and after July 1, 2009, if the  
3035 Department of Public Utility Control does not receive and approve  
3036 proposals pursuant to the requests for proposals processes, pursuant  
3037 to section 58 of this act, sufficient to reach the goal set by the plan  
3038 approved pursuant to section 55 of this act, the department shall order  
3039 an electric distribution company to submit for the department's review  
3040 in a contested case proceeding, in accordance with chapter 54 of the  
3041 general statutes, a proposal to develop demand response, energy  
3042 efficiency and load management or build new, expanded or repowered  
3043 cost-of-service electric generation in the state. Each electric distribution  
3044 company shall be entitled to recover its prudently incurred costs  
3045 consistent with the principles set forth in section 16-19e of the general  
3046 statutes, as amended by this act.

3047 (b) On or before January 1, 2008, the department shall initiate a  
3048 contested case proceeding to determine the costs and benefits of the  
3049 state serving as the builder of last resort for the shortfall of megawatts  
3050 from said request for proposal process.

3051 Sec. 60. (NEW) (*Effective July 1, 2007*) (a) On or before October 1,  
3052 2007, the Department of Public Utility Control shall establish a plan to  
3053 implement a voluntary rate program that will add a fourth tier to the  
3054 rates required pursuant to section 16-243n of the general statutes, as  
3055 amended by this act. Said program shall (1) establish the surcharge on  
3056 peak rates, which shall apply to high-demand peak days, for  
3057 customers choosing to participate, (2) encourage a shift of demand,  
3058 and (3) include an educational component.

3059 (b) The department shall establish parameters for the program  
3060 established in subsection (a) of this section, including, but not limited

3061 to, facilitating the delivery of meters and ensuring revenue neutrality  
3062 within and across rate classes.

3063 Sec. 61. Section 16a-7c of the general statutes is amended by adding  
3064 subsection (g) as follows (*Effective July 1, 2007*):

3065 (NEW) (g) When evaluating submissions pursuant to subsection (f)  
3066 of this section for a facility described in subdivision (3) of subsection  
3067 (a) of section 16-50i that are in excess of sixty-five megawatts, the  
3068 board shall perform a net energy analysis for each proposal. Such  
3069 analysis shall include calculations of all embodied energy  
3070 requirements used in the materials for initial construction of the  
3071 facility over its projected useful lifetime. The analysis shall be  
3072 expressed in a dimensionless unit as an energy profit ratio of energy  
3073 generated by the facility to the calculated net energy expended in plant  
3074 construction, maintenance and total fuel cycle energy requirements  
3075 over the projected useful lifetime of the facility. The boundary for both  
3076 the net energy calculations of the fuel cycle and materials for the  
3077 facility construction and maintenance shall both be at the point of  
3078 primary material extraction and include the energy consumed through  
3079 the entire supply chain to final, but not be limited to, such subsequent  
3080 steps as transportation, refinement and energy for delivery to the end  
3081 consumer. The results of said net energy analysis shall be included in  
3082 the results forwarded to the Connecticut Siting Council pursuant to  
3083 subsection (f) of this section. For purposes of this subsection, "facility  
3084 net energy" means the heat energy delivered by the facility contained  
3085 in a fuel minus the life cycle energy used to produce the facility. "Fuel  
3086 net energy" means the heat energy contained in a fuel minus the  
3087 energy used to extract the fuel from the environment, refine it to a  
3088 socially useful state and deliver it to consumers, and "embodied  
3089 energy" means the total energy used to build and maintain a process,  
3090 expressed in calorie equivalents of one type of energy.

3091 Sec. 62. Subsection (b) of section 16a-7c of the general statutes is  
3092 repealed and the following is substituted in lieu thereof (*Effective July*  
3093 *1, 2007*):

3094 (b) On or after December 1, 2004, not later than fifteen days after the  
3095 filing of an application pursuant to subdivision (1) of subsection (a) of  
3096 section 16-50i, except for an application for a facility described in  
3097 subdivision (5) or (6) of subsection (a) of section 16-50i or projects  
3098 approved pursuant to sections 55 and 56 of this act, the Connecticut  
3099 Energy Advisory Board shall issue a request-for-proposal to seek  
3100 alternative solutions to the need that will be addressed by the  
3101 proposed facility in such application. Such request-for-proposal shall,  
3102 where relevant, solicit proposals that include distributed generation or  
3103 energy efficiency measures. The board shall publish such request-for-  
3104 proposal in one or more newspapers or periodicals, as selected by the  
3105 board. Any facility generating not more than five megawatts and any  
3106 electric transmission line, electric generation facility or electric  
3107 substation otherwise constituting a facility as described in subsection  
3108 (a) of section 16-50i that, as part of the proceeding conducted pursuant  
3109 to section 9 of this act and in accordance with this subsection, shall be  
3110 determined by the Connecticut Siting Council and the Department of  
3111 Public Utility Control to be required for the reliability of electric  
3112 supply to critical national defense and homeland security  
3113 infrastructure shall be exempt from the request for proposal process  
3114 described in this subsection and exempt from the municipal  
3115 participation fee requirements of subdivision (1) of subsection (a) of  
3116 section 16-50l, as amended by this act. Such determination shall be  
3117 made on or before December 31, 2007. Notwithstanding the provisions  
3118 of this subsection, the board, by a vote of two-thirds of the members  
3119 present and voting, may determine that a request for proposal is  
3120 unnecessary for a specific application because the process is not likely  
3121 to result in a reasonable alternative to the proposed facility. On or  
3122 before December 1, 2007, after seeking public comment, the board shall  
3123 approve additional criteria for considering whether a request for  
3124 proposal process should not be required for a specific application. Any  
3125 determination that a request-for-proposal is not required shall include  
3126 the board's reasons for such determination.

3127 Sec. 63. Subdivision (2) of subsection (a) of section 16-50l of the

3128 general statutes is repealed and the following is substituted in lieu  
3129 thereof (*Effective July 1, 2007*):

3130 (2) On or after December 1, 2004, the filing of an application  
3131 pursuant to subdivision (1) of this subsection shall initiate the request-  
3132 for-proposal process, except for an application for a facility described  
3133 in subdivision ~~(4)~~, (5) or (6) of subsection (a) of section 16-50i and  
3134 except for a facility exempt from such requirement pursuant to  
3135 subsection (b) of section 16a-7c, as amended by this act.

3136 Sec. 64. (NEW) (*Effective from passage*) (a) Notwithstanding the  
3137 provisions of title 22a of the general statutes, the Department of  
3138 Environmental Protection shall review and issue a final decision no  
3139 later than one hundred twenty days following the submission of a  
3140 complete and accurate application with respect to each permit  
3141 application filed with said department between September 1, 2007, and  
3142 January 1, 2010, inclusive, which is required for the installation of  
3143 emergency electric generation and distributed resources, as defined in  
3144 section 16-1 of the general statutes, as amended by this act, to be  
3145 offered in the locational forward reserve market including systems that  
3146 utilize fossil fuels as the primary fuel source. Any such permit issued  
3147 as directed by this section shall have a term of no less than three years.

3148 (b) The Department of Environmental Protection shall notify the  
3149 Department of Public Utility Control not later than September 1, 2007,  
3150 of the acceptable pollution control equipment or measures applicable  
3151 to the various types of emergency electric generation resources that  
3152 may participate in the locational forward reserve market.

3153 Sec. 65. (NEW) (*Effective July 1, 2007*) On or before September 1,  
3154 2007, the chairperson of the Public Utilities Control Authority and the  
3155 Commissioner of Environmental Protection shall enter into a  
3156 collaborative memorandum of understanding allowing for the timely  
3157 permitting and operation of emergency electric generation resources as  
3158 dispatchable resources available to participate in the locational  
3159 Forward Reserve Market administered by the regional independent

3160 system operator, the timely installation and coordination of pollution  
3161 control equipment or measures as deemed appropriate on such  
3162 resources, and any necessary regulatory reviews and approvals. The  
3163 objectives of the collaborative memorandum of understanding shall be  
3164 to maximize the savings to the state's electric ratepayers and to benefit  
3165 the state's economy as a whole, while recognizing the agencies' mutual  
3166 goals of promoting a healthy economy by reducing the cost of  
3167 electricity while preserving and improving the environment. The  
3168 memorandum shall recognize that electric reliability charges in  
3169 Connecticut largely arise because the regional independent system  
3170 operator has determined that all electric generation in the state is  
3171 needed to meet operational reliability requirements of the  
3172 interconnected electric system and there is insufficient "quick start"  
3173 electric generation capacity within the state to allow the system to  
3174 recover from contingency outages of large generating units or  
3175 transmission lines and further recognize that entities with operations  
3176 within the state have registered with the Department of Environmental  
3177 Protection a significant number of resources able to synchronize to the  
3178 transmission grid and commence the generation of electricity within  
3179 thirty minutes or less of a request, where the regional independent  
3180 system operator currently does not recognize such resources because  
3181 they are not represented in the energy management system  
3182 administered. The chairperson and the commissioner shall incorporate  
3183 into and include for consideration in the collaborative memorandum  
3184 of understanding an estimation of the emissions reductions resulting  
3185 from not using steam driven fossil fueled generating units in a reserve  
3186 and spinning status to meet the quick start generating needs of the  
3187 state, the estimated emissions from the use of emergency generation  
3188 operating under the locational forward reserve markets of the regional  
3189 independent system operator, adds to the dispatch price of the  
3190 emergency electric generating resources associated with any  
3191 incremental environmental emissions from such facilities and the  
3192 feasibility of actions required and estimated costs to remediate some  
3193 portion of such emergency generation to comply with Connecticut air  
3194 quality requirements in conformance with federal and regional clean

3195 air standards. On or before January 1, 2008, and upon any additional  
3196 modification to such memorandum of understanding, said chairperson  
3197 and said commissioner shall report on the actions and measures taken  
3198 pursuant to the memorandum of understanding directed by this  
3199 section to the joint standing committees of the General Assembly  
3200 having cognizance of matters relating to energy and the environment  
3201 in accordance with the provisions of section 11-4a of the general  
3202 statutes.

3203 Sec. 66. Section 13a-126 of the general statutes is repealed and the  
3204 following is substituted in lieu thereof (*Effective from passage*):

3205 As used in this section, "public service facility" includes all  
3206 privately, publicly or cooperatively owned lines, facilities and systems  
3207 for producing, transmitting or distributing communications, cable  
3208 television, power, electricity, light, heat, gas, oil, crude products,  
3209 water, steam, waste, storm water not connected with highway  
3210 drainage and any other similar commodities, including fire and police  
3211 signal systems and street lighting systems which directly or indirectly  
3212 serve the public. Whenever the commissioner determines that any  
3213 public service facility located within, on, along, over or under any land  
3214 comprising the right-of-way of a state highway or any other public  
3215 highway when necessitated by the construction or reconstruction of a  
3216 state highway shall be readjusted or relocated in or removed from such  
3217 right-of-way, the commissioner shall issue an appropriate order to the  
3218 company, corporation or municipality owning or operating such  
3219 facility, and such company, corporation or municipality shall readjust,  
3220 relocate or remove the same promptly in accordance with such order;  
3221 provided an equitable share of the cost of such readjustment,  
3222 relocation or removal, including the cost of installing and constructing  
3223 a facility of equal capacity in a new location, shall be borne by the  
3224 state, except that the state shall not bear any share of the cost of a  
3225 project of an electric distribution company, as defined in section 16-1,  
3226 as amended by this act, to readjust, relocate or remove any facility, as  
3227 defined in subsection (a) of section 16-50i, used for transmitting  
3228 electricity or as an electric transmission trunkline. The Department of

3229 Transportation shall evaluate the total costs of such a project, including  
3230 department costs for construction or reconstruction and electric  
3231 distribution company costs for readjusting, relocating or removing  
3232 such facility, so as to minimize the overall costs incurred by the state  
3233 and the electric distribution company. The electric distribution  
3234 company may provide the department with proposed alternatives to  
3235 the relocation, readjustment or removal proposed by the department  
3236 and shall be responsible for any changes to project costs attributable to  
3237 adoption of the company's proposed alternative designs for such  
3238 project, including changes to the area of the relocation, readjustment or  
3239 removal and any incremental costs incurred by the department to  
3240 evaluate such alternatives. If such electric distribution company and  
3241 the department cannot agree on a plan for such project, the  
3242 Commissioner of Transportation and the chairperson of the  
3243 Department of Public Utility Control shall, on request of the company,  
3244 jointly determine the alternative for the project. Such equitable share,  
3245 in the case of or in connection with the construction or reconstruction  
3246 of any limited access highway, shall be the entire cost, less the  
3247 deductions provided in this section, and, in the case of or in connection  
3248 with the construction or reconstruction of any other state highway,  
3249 shall be such portion or all of the entire cost, less the deductions  
3250 provided in this section, as may be fair and just under all the  
3251 circumstances, but shall not be less than fifty per cent of such cost after  
3252 the deductions provided in this section. In establishing the equitable  
3253 share of the cost to be borne by the state, there shall be deducted from  
3254 the cost of the readjusted, relocated or removed facilities a sum based  
3255 on a consideration of the value of materials salvaged from existing  
3256 installations, the cost of the original installation, the life expectancy of  
3257 the original facility and the unexpired term of such life use. When any  
3258 facility is removed from the right-of-way of a public highway to a  
3259 private right-of-way, the state shall not pay for such private right-of-  
3260 way, provided, when a municipally-owned facility is thus removed  
3261 from a municipally-owned highway, the state shall pay for the private  
3262 right-of-way needed by the municipality for such relocation. If the  
3263 commissioner and the company, corporation or municipality owning

3264 or operating such facility cannot agree upon the share of the cost to be  
3265 borne by the state, either may apply to the superior court for the  
3266 judicial district within which such highway is situated, or, if said court  
3267 is not in session, to any judge thereof, for a determination of the cost to  
3268 be borne by the state, and said court or such judge, after causing notice  
3269 of the pendency of such application to be given to the other party, shall  
3270 appoint a state referee to make such determination. Such referee,  
3271 having given at least ten days' notice to the parties interested of the  
3272 time and place of the hearing, shall hear both parties, shall view such  
3273 highway, shall take such testimony as such referee deems material and  
3274 shall thereupon determine the amount of the cost to be borne by the  
3275 state and immediately report to the court. If the report is accepted by  
3276 the court, such determination shall, subject to right of appeal as in civil  
3277 actions, be conclusive upon both parties.

3278 Sec. 67. (NEW) (*Effective July 1, 2007*) Notwithstanding any  
3279 limitation imposed by its charter, each domestic electric company is  
3280 authorized and empowered to generate and transmit electric energy,  
3281 and to acquire utility facilities necessary or convenient for the  
3282 purposes of its electric utility business or undivided interest therein  
3283 and to operate the same, anywhere within or without this state,  
3284 provided nothing in this section shall be construed to authorize such a  
3285 company to deliver electric energy or sell electric energy in this state to  
3286 any person, or any area, except as otherwise authorized by its charter  
3287 or the general statutes. For purposes of this section, "domestic electric  
3288 company" means an electric company or electric distribution company,  
3289 as defined in section 16-1 of the general statutes, as amended by this  
3290 act, any membership electric cooperative organized under chapter 597  
3291 of the general statutes and any municipal electric utility or municipal  
3292 electric energy cooperative, as defined respectively in section 7-233b of  
3293 the general statutes that has been chartered by or organized or  
3294 constituted within or under the laws of this state.

3295 Sec. 68. Subsection (e) of section 16-2 of the general statutes is  
3296 repealed and the following is substituted in lieu thereof (*Effective*  
3297 *October 1, 2007*):

3298 (e) To insure the highest standard of public utility regulation, [on  
3299 and after July 1, 1997, at least three of the commissioners] each  
3300 commissioner of the authority appointed on or after October 1, 2007,  
3301 shall have education or training and three or more years of experience  
3302 in one or more of the following fields: Economics, engineering, law,  
3303 accounting, finance, utility regulation, public or government  
3304 administration, consumer advocacy, business management, and  
3305 environmental management. On and after July 1, 1997, at least three of  
3306 these fields shall be represented on the authority by individual  
3307 commissioners at all times. At least one of the commissioners shall  
3308 have experience in utility customer advocacy at all times.

3309 Sec. 69. (*Effective July 1, 2007*) Not later than January 1, 2008, the  
3310 Connecticut Energy Advisory Board shall conduct a study to develop  
3311 recommendations on how to (1) coordinate and integrate the state's  
3312 energy entities; (2) achieve the goals of (A) the Regional Greenhouse  
3313 Gas Initiative, and (B) the state, with regard to the reduction of  
3314 emissions of greenhouse gas, as provided by section 22a-200a of the  
3315 general statutes; and (3) promote indigenous alternative fuel resources.  
3316 The board shall submit a report containing its recommendations,  
3317 including recommendations for legislation, to the joint standing  
3318 committee of the General Assembly having cognizance of matters  
3319 relating to energy and technology not later than January 1, 2009.

3320 Sec. 70. (*Effective from passage*) (a) Not later than July 1, 2007, the  
3321 Connecticut Energy Advisory Board shall conduct a study on the  
3322 efficacy and innovativeness of, and customer focus on, electric  
3323 conservation programs. The board shall hold a public hearing on such  
3324 matters. In the study, the board shall investigate the options of (1)  
3325 selecting a state-wide provider of conservation programs through a  
3326 competitive process, which shall be open to electric distribution  
3327 companies, the Connecticut Municipal Electrical Energy Cooperative  
3328 and other entities; (2) retaining the current delivery system for  
3329 conservation programs; and (3) having a nonprofit organization  
3330 provide the conservation programs.

3331 (b) The board shall submit a report containing its findings to the  
3332 joint standing committee of the General Assembly having cognizance  
3333 of matters relating to energy and technology not later than February 1,  
3334 2008.

3335 Sec. 71. (*Effective October 1, 2007*) Not later than January 1, 2009, the  
3336 Department of Public Utility Control shall study (A) the efficacy and  
3337 rate impact of last resort service provided pursuant to subsection (e) of  
3338 section 16-244c of the general statutes, as amended by this act,  
3339 including, but not limited to, the service's effect on the ability of this  
3340 service to meet the needs of commercial and industrial customers and  
3341 the development of a competitive electric supply marketplace with  
3342 competitive suppliers and products, (B) the efficacy and rate impact of  
3343 standard service pursuant to subsection (c) of section 16-244c of the  
3344 general statutes, as amended by this act, including, but not limited to,  
3345 the service's success in meeting performance with respect to the  
3346 standards set forth in section 16-244c of the general statutes, as  
3347 amended by this act, and (C) the costs and impact of retail competition  
3348 on small business and residential consumers, including rates and  
3349 volatility, and compare that analysis to the experience in other states.  
3350 The department shall report on the results of said study to the joint  
3351 standing committee of the General Assembly having cognizance of  
3352 matters relating to energy.

3353 Sec. 72. (NEW) (*Effective July 1, 2007*) (a) The Department of  
3354 Education, in consultation with the Energy Conservation Management  
3355 Board, established pursuant to section 16-245m of the general statutes,  
3356 and the Department of Public Utility Control, shall establish a plan for  
3357 providing compact fluorescent light bulbs at low or no cost to schools  
3358 in the state for the purpose of a state-wide school fundraiser. The  
3359 Department of Education shall report the details of said plan to the  
3360 Energy Conservation Management Board and the joint standing  
3361 committees of the General Assembly having cognizance of matters  
3362 relating to energy and education on or before February 1, 2008.

3363 (b) On or before June 1, 2008, the Energy Conservation Management

3364 Board, in consultation with the Department of Public Utility Control  
3365 and the Department of Education, shall develop and implement a  
3366 state-wide fundraiser in accordance with the plan submitted pursuant  
3367 to subsection (a) of this section, for all public schools, in which  
3368 students would sell compact fluorescent light bulbs. Said fundraiser  
3369 shall be held in the 2008-2009 school year and annually thereafter. The  
3370 participating schools would earn a portion of each sale.

3371 Sec. 73. (NEW) (*Effective July 1, 2007*) On or before October 1, 2007,  
3372 the Department of Public Utility Control shall initiate a contested case  
3373 proceeding to design a cost-effective revenue adjustment mechanism  
3374 to provide additional flexibility within the link between sales levels  
3375 and the recovery of costs for electric distribution companies. The  
3376 department shall develop for each electric distribution company a  
3377 revenue adjustment mechanism that adjusts billed revenues associated  
3378 with the distribution component of rates to the gross revenues based  
3379 on the rate decision and shall provide for an annual true-up of billed  
3380 revenues compared to the base level for deviations from the base level  
3381 directly resulting from new or ongoing energy efficiency, conservation,  
3382 demand response or load management initiatives implemented by the  
3383 company. On or before March 1, 2008, the Energy Conservation  
3384 Management Board shall provide such deviations to the department.  
3385 The department may implement the revenue adjustment mechanism if  
3386 it determines such a mechanism to be in the best interest of ratepayers  
3387 pursuant to the principles set forth in sections 16-19, 16-19b and 16-19e  
3388 of the general statutes, as amended by this act. To assure the cost basis  
3389 for Financial Accounting Standards 71 purposes, any over collection or  
3390 under collection of the per-customer revenue shall be adjusted through  
3391 a per kilowatt-hour charge or credit in the subsequent year. The  
3392 accounting recognition of the impact of the mechanism shall be made  
3393 in the year in which the sales actually occurred. The base level of  
3394 revenues per customer shall be reset in each department decision  
3395 modifying the company's distribution rates. On or before February 1,  
3396 2010, the department shall report to the joint standing committee of the  
3397 General Assembly having cognizance of matters relating to energy

3398 regarding said mechanism and the use thereof. The department shall  
3399 use the existence of the mechanism as a factor in determining the  
3400 company's authorized rate of return.

3401 Sec. 74. Subsection (a) of section 16-50k of the general statutes is  
3402 repealed and the following is substituted in lieu thereof (*Effective*  
3403 *October 1, 2007*):

3404 (a) Except as provided in subsection (b) of section 16-50z, no person  
3405 shall exercise any right of eminent domain in contemplation of,  
3406 commence the preparation of the site for, [or] commence the  
3407 construction or supplying of a facility, or commence any modification  
3408 of a facility, that may, as determined by the council, have a substantial  
3409 adverse environmental effect in the state without having first obtained  
3410 a certificate of environmental compatibility and public need,  
3411 hereinafter referred to as a "certificate", issued with respect to such  
3412 facility or modification by the council. [, except] Certificates shall not  
3413 be required for (1) fuel cells built within the state with a generating  
3414 capacity of two hundred fifty kilowatts or less, or (2) fuel cells built  
3415 out-of-state with a generating capacity of ten kilowatts or less. [which  
3416 shall not require such certificate.] Any facility with respect to which a  
3417 certificate is required shall thereafter be built, maintained and operated  
3418 in conformity with such certificate and any terms, limitations or  
3419 conditions contained therein. Notwithstanding the provisions of this  
3420 chapter or title 16a, the council shall, in the exercise of its jurisdiction  
3421 over the siting of generating facilities, approve by declaratory ruling  
3422 [(1)] (A) the construction of a facility solely for the purpose of  
3423 generating electricity, other than an electric generating facility that  
3424 uses nuclear materials or coal as fuel, at a site where an electric  
3425 generating facility operated prior to July 1, 2004, [(2)] (B) the  
3426 construction or location of any fuel cell, unless the council finds a  
3427 substantial adverse environmental effect, or of any customer-side  
3428 distributed resources project or facility or grid-side distributed  
3429 resources project or facility with a capacity of not more than sixty-five  
3430 megawatts, as long as such project meets air and water quality  
3431 standards of the Department of Environmental Protection, and [(3)] (C)

3432 the siting of temporary generation solicited by the Department of  
3433 Public Utility Control pursuant to section 16-19ss, as amended by this  
3434 act.

3435 Sec. 75. Subdivision (6) of subsection (a) of section 16-244e of the  
3436 general statutes is repealed and the following is substituted in lieu  
3437 thereof (*Effective July 1, 2007*):

3438 (6) Once unbundling is completed to the satisfaction of the  
3439 department and consistent with the provisions of section 16-244, [(A)]  
3440 any corporate affiliate or separate division that provides electric  
3441 generation services as a result of unbundling pursuant to this  
3442 subsection shall be considered a generation entity or affiliate of the  
3443 electric company, and the division or corporate affiliate of the electric  
3444 company that provides transmission and distribution services shall be  
3445 considered an electric distribution company. [, and (B) an electric  
3446 distribution company shall not own or operate generation assets,  
3447 except as provided in this section and section 16-243m.]

3448 Sec. 76. Section 16-19ss of the general statutes is repealed and the  
3449 following is substituted in lieu thereof (*Effective July 1, 2007*):

3450 (a) The Department of Public Utility Control may, from July 1, 2003,  
3451 to January 1, 2008, inclusive, determine, by an affirmative vote of four  
3452 commissioners of the Public Utilities Control Authority, that (1) safe,  
3453 adequate and reasonably priced electricity is not available on the  
3454 wholesale market; (2) additional temporary electric generation  
3455 facilities will result in reductions in federally mandated congestion  
3456 costs for which the ratepayers of the state are responsible; and (3) the  
3457 prices and costs specified in subdivision (2) of this subsection will  
3458 exceed the cost of investment in temporary electric generation  
3459 facilities. Such determination shall be in writing and shall state the  
3460 reasons supporting the determination.

3461 (b) Upon issuing a determination pursuant to subsection (a) of this  
3462 section, the department shall hold a contested case proceeding, in  
3463 accordance with the provisions of chapter 54, to develop a request for

3464 proposal to solicit the provision of such additional temporary electric  
3465 generation facilities, containing such terms and conditions that will  
3466 best serve the interests of the public. The request for proposal process  
3467 shall be designed to ensure fairness and full participation by all  
3468 qualified responders.

3469 (c) The department may negotiate for terms and conditions  
3470 necessary to conclude a transaction with one or more entities  
3471 responding to a request for proposal, after notice to all entities that  
3472 responded. The department shall base its decision to conclude a  
3473 transaction on the best interest of the public and ratepayers.

3474 [(d) Nothing in this section shall be construed to allow an electric  
3475 distribution company to own, operate, lease or control any facility or  
3476 asset that generates electricity, or retain any interest in such facility or  
3477 asset as part of any transaction concluded pursuant to this section,  
3478 except as provided in subsection (e) of section 16-244e and section 16-  
3479 243m.]

3480 Sec. 77. Section 1 of public act 05-2 of the October 25 special session  
3481 is repealed and the following is substituted in lieu thereof (*Effective July*  
3482 *1, 2007*):

3483 Notwithstanding the provisions of sections 4-28b and 16a-41a of the  
3484 general statutes, the Commissioner of Social Services shall [amend the  
3485 adopted] adopt a low income home energy assistance program block  
3486 grant allocation plan for the [purpose of modifying the 2005/2006]  
3487 2007/2008 Connecticut energy assistance program state plan in the  
3488 following manner: (1) To increase the basic benefit provided to all  
3489 eligible households, including eligible households whose heat is  
3490 included in their rent, over the benefit provided for the 2005/2006  
3491 plan, prior to the amendment of said plan, by two hundred dollars, (2)  
3492 to fund, for the fiscal year ending June 30, 2008, the contingency  
3493 heating assistance program under the Connecticut energy assistance  
3494 program to provide a three hundred dollar basic benefit to eligible  
3495 households, as defined in the Connecticut energy assistance program

3496 state plan, whose gross annual income is not more than sixty per cent  
3497 of the median state income by household size, and an additional two  
3498 hundred dollar crisis assistance benefit for such households who have  
3499 exhausted their basic benefit and are unable to secure primary heat,  
3500 causing a life threatening situation, (3) to increase the number of  
3501 households weatherized pursuant to the Connecticut energy assistance  
3502 program, and (4) to increase the number of households receiving home  
3503 heating equipment tune-ups and home energy efficiency measures  
3504 pursuant to the home energy assistance and reimbursements for tune-  
3505 ups on heating equipment grant program as administered pursuant to  
3506 subsection (c) of section 2 of [this act] public act 05-2 of the October 25  
3507 special session, as amended by section 1 of public act 05-4 of the  
3508 October 25 special session.

3509 Sec. 78. Section 16a-41a of the general statutes is repealed and the  
3510 following is substituted in lieu thereof (*Effective July 1, 2007*):

3511 (a) The Commissioner of Social Services shall submit to the joint  
3512 standing committees of the General Assembly having cognizance of  
3513 energy planning and activities, appropriations, and human services the  
3514 following on the implementation of the block grant program  
3515 authorized under the Low-Income Home Energy Assistance Act of  
3516 1981, as amended:

3517 (1) Not later than August first, annually, a Connecticut energy  
3518 assistance program annual plan which establishes guidelines for the  
3519 use of funds authorized under the Low-Income Home Energy  
3520 Assistance Act of 1981, as amended, and includes the following:

3521 (A) Criteria for determining which households are to receive  
3522 emergency and weatherization assistance;

3523 (B) A description of systems used to ensure referrals to other energy  
3524 assistance programs and the taking of simultaneous applications, as  
3525 required under section 16a-41;

3526 (C) A description of outreach efforts;

3527 (D) Estimates of the total number of households eligible for  
3528 assistance under the program and the number of households in which  
3529 one or more elderly or physically disabled individuals eligible for  
3530 assistance reside; and

3531 (E) Design of a basic grant for eligible households that does not  
3532 discriminate against such households based on the type of energy used  
3533 for heating;

3534 (2) Not later than January thirtieth, annually, a report covering the  
3535 preceding months of the program year, including:

3536 (A) In each community action agency geographic area and  
3537 Department of Social Services region, the number of fuel assistance  
3538 applications filed, approved and denied, the number of emergency  
3539 assistance requests made, approved and denied and the number of  
3540 households provided weatherization assistance;

3541 (B) In each such area and district, the total amount of fuel,  
3542 emergency and weatherization assistance, itemized by such type of  
3543 assistance, and total expenditures to date; and

3544 (C) For each state-wide office of each state agency administering the  
3545 program, each community action agency and each Department of  
3546 Social Services region, administrative expenses under the program, by  
3547 line item, and an estimate of outreach expenditures; and

3548 (3) Not later than November first, annually, a report covering the  
3549 preceding twelve calendar months, including:

3550 (A) In each community action agency geographic area and  
3551 Department of Social Services region, (i) seasonal totals for the  
3552 categories of data submitted under subdivision (1) of this subsection,  
3553 (ii) the number of households receiving fuel assistance in which elderly  
3554 or physically disabled individuals reside, and (iii) the average  
3555 combined benefit level of fuel, emergency and renter assistance;

3556 (B) Types of weatherization assistance provided;

- 3557 (C) Percentage of weatherization assistance provided to tenants;
- 3558 (D) The number of homeowners and tenants whose heat or total  
3559 energy costs are not included in their rent receiving fuel and  
3560 emergency assistance under the program by benefit level;
- 3561 (E) The number of homeowners and tenants whose heat is included  
3562 in their rent and who are receiving assistance, by benefit level; and
- 3563 (F) The number of households receiving assistance, by energy type  
3564 and total expenditures for each energy type.
- 3565 (b) The Commissioner of Social Services shall implement a program  
3566 to purchase [number two home heating oil at a reduced rate for low-  
3567 income households participating in the Connecticut energy assistance  
3568 program and the state-appropriated fuel assistance program. Each  
3569 agency administering a fuel assistance program shall submit reports,  
3570 as requested by the commissioner, concerning pricing information  
3571 from vendors of number two home heating oil participating in the  
3572 program. Such information shall include, but not be limited to, a  
3573 vendor's regular retail price per gallon of number two home heating  
3574 oil, the reduced price per gallon paid by the state for the heating oil,  
3575 the number of gallons delivered to the state under the program and the  
3576 total savings under the program due to the purchase of number two  
3577 home heating oil at a reduced rate] deliverable fuel for low-income  
3578 households participating in the Connecticut energy assistance program  
3579 and the state-appropriated fuel assistance program. The commissioner  
3580 shall ensure that all fuel assistance recipients are treated the same as  
3581 any other similarly situated customer and that no fuel vendor  
3582 discriminates against fuel assistance program recipients who are under  
3583 the vendor's standard payment, delivery, service or other similar  
3584 plans. The commissioner shall take advantage of programs offered by  
3585 fuel vendors that reduce the cost of the fuel purchased, including, but  
3586 not limited to, fixed price, capped price, prepurchase or summer-fill  
3587 programs that reduce program cost and that make the maximum use  
3588 of program revenues. The commissioner shall ensure that all agencies

3589 administering the fuel assistance program shall make payments to  
3590 program fuel vendors in advance of the delivery of energy where  
3591 vendor provided price-management strategies require payments in  
3592 advance.

3593 (c) Each community action agency administering a fuel assistance  
3594 program shall submit reports, as requested by the Commissioner of  
3595 Social Services, concerning pricing information from vendors of  
3596 deliverable fuel participating in the program. Such information shall  
3597 include, but not be limited to, the state-wide or regional retail price per  
3598 unit of deliverable fuel, the reduced price per unit paid by the state for  
3599 the deliverable fuel in utilizing price management strategies offered by  
3600 program vendors for all consumers, the number of units delivered to  
3601 the state under the program and the total savings under the program  
3602 due to the purchase of deliverable fuel utilizing price-management  
3603 strategies offered by program vendors for all consumers.

3604 (d) Each community action agency administering a fuel assistance  
3605 program shall begin accepting applications for the program not later  
3606 than September first of each year.

3607 Sec. 79. Section 16-262c of the general statutes is repealed and the  
3608 following is substituted in lieu thereof (*Effective October 1, 2007*):

3609 (a) Notwithstanding any other provision of the general statutes no  
3610 electric, electric distribution, gas, telephone or water company, no  
3611 electric supplier or certified telecommunications provider, and no  
3612 municipal utility furnishing electric, gas, telephone or water service  
3613 shall cause cessation of any such service by reason of delinquency in  
3614 payment for such service (1) on any Friday, Saturday, Sunday, legal  
3615 holiday or day before any legal holiday, provided such a company,  
3616 electric supplier, certified telecommunications provider or municipal  
3617 utility may cause cessation of such service to a nonresidential account  
3618 on a Friday which is not a legal holiday or the day before a legal  
3619 holiday when the business offices of the company, electric supplier,  
3620 certified telecommunications provider or municipal utility are open to

3621 the public the succeeding Saturday, (2) at any time during which the  
3622 business offices of said company, electric supplier, certified  
3623 telecommunications provider or municipal utility are not open to the  
3624 public, or (3) within one hour before the closing of the business offices  
3625 of said company, electric supplier or municipal utility.

3626 (b) (1) From November first to [April fifteenth] May first, inclusive,  
3627 no electric or electric distribution company, as defined in section 16-1,  
3628 as amended by this act, no electric supplier and no municipal utility  
3629 furnishing electricity shall terminate or refuse to reinstate residential  
3630 electric service in hardship cases where the customer lacks the  
3631 financial resources to pay his or her entire account. From November  
3632 first to [April fifteenth] May first, inclusive, no gas company and no  
3633 municipal utility furnishing gas shall terminate or refuse to reinstate  
3634 residential gas service in hardship cases where the customer uses such  
3635 gas for heat and lacks the financial resources to pay his or her entire  
3636 account, except a gas company that, between [April sixteenth] May  
3637 second and October thirty-first, terminated gas service to a residential  
3638 customer who uses gas for heat and who, during the previous period  
3639 of November first to [April fifteenth] May first, had gas service  
3640 maintained because of hardship status, may refuse to reinstate the gas  
3641 service from November first to [April fifteenth] May first, inclusive,  
3642 only if the customer has failed to pay, since the preceding November  
3643 first, the lesser of: (A) Twenty per cent of the outstanding principal  
3644 balance owed the gas company as of the date of termination, (B) one  
3645 hundred dollars, or (C) the minimum payments due under the  
3646 customer's amortization agreement. Notwithstanding any other  
3647 provision of the general statutes to the contrary, no electric, electric  
3648 distribution or gas company, no electric supplier and no municipal  
3649 utility furnishing electricity or gas shall terminate or refuse to reinstate  
3650 residential electric or gas service where the customer lacks the financial  
3651 resources to pay his or her entire account and for which customer or a  
3652 member of the customer's household the termination or failure to  
3653 reinstate such service would create a life-threatening situation.

3654 (2) During any period in which a residential customer is subject to

3655 termination, an electric, electric distribution or gas company, an  
3656 electric supplier or a municipal utility furnishing electricity or gas shall  
3657 provide such residential customer whose account is delinquent an  
3658 opportunity to enter into a reasonable amortization agreement with  
3659 such company, electric supplier or utility to pay such delinquent  
3660 account and to avoid termination of service. Such amortization  
3661 agreement shall allow such customer adequate opportunity to apply  
3662 for and receive the benefits of any available energy assistance  
3663 program. An amortization agreement shall be subject to amendment  
3664 on customer request if there is a change in the customer's financial  
3665 circumstances.

3666 (3) As used in this section, (A) "household income" means the  
3667 combined income over a twelve-month period of the customer and all  
3668 adults, except children of the customer, who are and have been  
3669 members of the household for six months or more, and (B) "hardship  
3670 case" includes, but is not limited to: (i) A customer receiving local, state  
3671 or federal public assistance; (ii) a customer whose sole source of  
3672 financial support is Social Security, Veterans' Administration or  
3673 unemployment compensation benefits; (iii) a customer who is head of  
3674 the household and is unemployed, and the household income is less  
3675 than three hundred per cent of the poverty level determined by the  
3676 federal government; (iv) a customer who is seriously ill or who has a  
3677 household member who is seriously ill; (v) a customer whose income  
3678 falls below one hundred twenty-five per cent of the poverty level  
3679 determined by the federal government; and (vi) a customer whose  
3680 circumstances threaten a deprivation of food and the necessities of life  
3681 for himself or dependent children if payment of a delinquent bill is  
3682 required.

3683 (4) In order for a residential customer of a gas or electric distribution  
3684 company using gas or electricity for heat to be eligible to have any  
3685 moneys due and owing deducted from the customer's delinquent  
3686 account pursuant to this subdivision, the company furnishing gas or  
3687 electricity shall require that the customer (A) apply and be eligible for  
3688 benefits available under the Connecticut energy assistance program or

3689 state appropriated fuel assistance program; (B) authorize the company  
3690 to send a copy of the customer's monthly bill directly to any energy  
3691 assistance agency for payment; (C) enter into and comply with an  
3692 amortization agreement, which agreement is consistent with decisions  
3693 and policies of the Department of Public Utility Control. Such an  
3694 amortization agreement shall reduce a customer's payment by the  
3695 amount of the benefits reasonably anticipated from the Connecticut  
3696 energy assistance program, state appropriated fuel assistance program  
3697 or other energy assistance sources. Unless the customer requests  
3698 otherwise, the company shall budget a customer's payments over a  
3699 twelve-month period with an affordable increment to be applied to  
3700 any arrearage, provided such payment plan will not result in loss of  
3701 any energy assistance benefits to the customer. If a customer  
3702 authorizes the company to send a copy of his monthly bill directly to  
3703 any energy assistance agency for payment, the energy assistance  
3704 agency shall make payments directly to the company. If, on April  
3705 thirtieth, a customer has been in compliance with the requirements of  
3706 subparagraphs (A) to (C), inclusive, of this subdivision, during the  
3707 period starting on the preceding November first, or from such time as  
3708 the customer's account becomes delinquent, the company shall deduct  
3709 from such customer's delinquent account an additional amount equal  
3710 to the amount of money paid by the customer between the preceding  
3711 November first and April thirtieth and paid on behalf of the customer  
3712 through the Connecticut energy assistance program and state  
3713 appropriated fuel assistance program. Any customer in compliance  
3714 with the requirements of subparagraphs (A) to (C), inclusive, of this  
3715 subdivision, on April thirtieth who continues to comply with an  
3716 amortization agreement through the succeeding October thirty-first,  
3717 shall also have an amount equal to the amount paid pursuant to such  
3718 agreement and any amount paid on behalf of such customer between  
3719 May first and the succeeding October thirty-first deducted from the  
3720 customer's delinquent account. In no event shall the deduction of any  
3721 amounts pursuant to this subdivision result in a credit balance to the  
3722 customer's account. No customer shall be denied the benefits of this  
3723 subdivision due to an error by the company. The Department of Public

3724 Utility Control shall allow the amounts deducted from the customer's  
3725 account pursuant to the implementation plan, described in subdivision  
3726 (5) of this subsection, to be recovered by the company in its rates as an  
3727 operating expense, pursuant to said implementation plan. If the  
3728 customer fails to comply with the terms of the amortization agreement  
3729 or any decision of the department rendered in lieu of such agreement  
3730 and the requirements of subparagraphs (A) to (C), inclusive, of this  
3731 subdivision, the company may terminate service to the customer,  
3732 pursuant to all applicable regulations, provided such termination shall  
3733 not occur between November first and [April fifteenth] May first.

3734 (5) Each gas and electric distribution company shall submit to the  
3735 Department of Public Utility Control annually, on or before July first,  
3736 an implementation plan which shall include information concerning  
3737 amortization agreements, counseling, reinstatement of eligibility, rate  
3738 impacts and any other information deemed relevant by the  
3739 department. The Department of Public Utility Control may, in  
3740 consultation with the Office of Policy and Management, approve or  
3741 modify such plan within ninety days of receipt of the plan. If the  
3742 department does not take any action on such plan within ninety days  
3743 of its receipt, the plan shall automatically take effect at the end of the  
3744 ninety-day period, provided the department may extend such period  
3745 for an additional thirty days by notifying the company before the end  
3746 of the ninety-day period. Any amount recovered by a company in its  
3747 rates pursuant to this subsection shall not include any amount  
3748 approved by the Department of Public Utility Control as an  
3749 uncollectible expense. The department may deny all or part of the  
3750 recovery required by this subsection if it determines that the company  
3751 seeking recovery has been imprudent, inefficient or acting in violation  
3752 of statutes or regulations regarding amortization agreements.

3753 (6) On or after January 1, 1993, the Department of Public Utility  
3754 Control may require gas companies to expand the provisions of  
3755 subdivisions (4) and (5) of this subsection to all hardship customers.  
3756 Any such requirement shall not be effective until November 1, 1993.

3757 (7) (A) All electric, electric distribution and gas companies, electric  
3758 suppliers and municipal utilities furnishing electricity or gas shall  
3759 collaborate in developing, subject to approval by the Department of  
3760 Public Utility Control, standard provisions for the notice of  
3761 delinquency and impending termination under subsection (a) of  
3762 section 16-262d. Each such company and utility shall place on the front  
3763 of such notice a provision that the company, electric supplier or utility  
3764 shall not effect termination of service to a residential dwelling for  
3765 nonpayment of disputed bills during the pendency of any complaint.  
3766 In addition, the notice shall state that the customer must pay current  
3767 and undisputed bill amounts during the pendency of the complaint.  
3768 (B) At the beginning of any discussion with a customer concerning a  
3769 reasonable amortization agreement, any such company or utility shall  
3770 inform the customer (i) of the availability of a process for resolving  
3771 disputes over what constitutes a reasonable amortization agreement,  
3772 (ii) that the company, electric supplier or utility will refer such a  
3773 dispute to one of its review officers as the first step in attempting to  
3774 resolve the dispute, and (iii) that the company, electric supplier or  
3775 utility shall not effect termination of service to a residential dwelling  
3776 for nonpayment of a delinquent account during the pendency of any  
3777 complaint, investigation, hearing or appeal initiated by the customer,  
3778 unless the customer fails to pay undisputed bills, or undisputed  
3779 portions of bills, for service received during such period. (C) Each such  
3780 company, electric supplier and utility shall inform and counsel all  
3781 customers who are hardship cases as to the availability of all public  
3782 and private energy conservation programs, including programs  
3783 sponsored or subsidized by such companies and utilities, eligibility  
3784 criteria, where to apply, and the circumstances under which such  
3785 programs are available without cost.

3786 (8) The Department of Public Utility Control shall adopt regulations  
3787 in accordance with chapter 54 to carry out the provisions of this  
3788 subsection. Such regulations shall include, but not be limited to,  
3789 criteria for determining hardship cases and for reasonable  
3790 amortization agreements, including appeal of such agreements, for

3791 categories of customers. Such regulations may include the  
3792 establishment of a reasonable rate of interest which a company may  
3793 charge on the unpaid balance of a customer's delinquent bill and a  
3794 description of the relationship and responsibilities of electric suppliers  
3795 to customers.

3796 (c) Each electric, electric distribution and gas company, electric  
3797 supplier and municipal utility shall, not later than December first,  
3798 annually, submit a report to the department and the General Assembly  
3799 indicating (1) the number of customers in each of the following  
3800 categories and the total delinquent balances for such customers as of  
3801 the preceding [April fifteenth] May first: (A) Customers who are  
3802 hardship cases and (i) who made arrangements for reasonable  
3803 amortization agreements, (ii) who did not make such arrangements,  
3804 and (B) customers who are nonhardship cases and who made  
3805 arrangements for reasonable amortization, (2) (A) the number of  
3806 heating customers receiving energy assistance during the preceding  
3807 heating season and the total amount of such assistance, and (B) the  
3808 total balance of the accounts of such customers after all energy  
3809 assistance is applied to the accounts, (3) the number of hardship cases  
3810 reinstated between November first of the preceding year and [April  
3811 fifteenth] May first of the same year, the number of hardship cases  
3812 terminated between [April fifteenth] May first of the same year and  
3813 November first and the number of hardship cases reinstated during  
3814 each month from [April] May to November, inclusive, of the same  
3815 year, (4) the number of reasonable amortization agreements executed  
3816 and the number breached during the same year by (A) hardship cases,  
3817 and (B) nonhardship cases, and (5) the number of accounts of (A)  
3818 hardship cases, and (B) nonhardship cases for which part or all of the  
3819 outstanding balance is written off as uncollectible during the  
3820 preceding year and the total amount of such uncollectibles.

3821 (d) Nothing in this section shall (1) prohibit a public service  
3822 company, electric supplier or municipal utility from terminating  
3823 residential utility service upon request of the customer or in  
3824 accordance with section 16-262d upon default by the customer on an

3825 amortization agreement or collecting delinquent accounts through  
3826 legal processes, including the processes authorized by section 16-262f,  
3827 or (2) relieve such company, electric supplier or municipal utility of its  
3828 responsibilities set forth in sections 16-262d and 16-262e to occupants  
3829 of residential dwellings or, with respect to a public service company or  
3830 electric supplier, the responsibilities set forth in section 19a-109.

3831 (e) No provision of the Freedom of Information Act, as defined in  
3832 section 1-200, shall be construed to require or permit a municipal  
3833 utility furnishing electric, gas or water service, a municipality  
3834 furnishing water or sewer service, a district established by special act  
3835 or pursuant to chapter 105 and furnishing water or sewer service or a  
3836 regional authority established by special act to furnish water or sewer  
3837 service to disclose records under the Freedom of Information Act, as  
3838 defined in section 1-200, which identify or could lead to identification  
3839 of the utility usage or billing information of individual customers, to  
3840 the extent such disclosure would constitute an invasion of privacy.

3841 (f) If an electric supplier suffers a loss of revenue by operation of  
3842 this section, the supplier may make a claim for such revenue to the  
3843 department. The electric distribution company shall reimburse the  
3844 electric supplier for such losses found to be reasonable by the  
3845 department at the lower of (1) the price of the contract between the  
3846 supplier and the customer, or (2) the electric distribution company's  
3847 price to customers for default service, as determined by the  
3848 department. The electric distribution company may recover such  
3849 reimbursement, along with transaction costs, through the systems  
3850 benefits charge.

3851 Sec. 80. Section 12-412 of the general statutes is amended by adding  
3852 subdivisions (117) and (118) as follows (*Effective July 1, 2007, and*  
3853 *applicable to sales occurring on or after July 1, 2007*):

3854 (NEW) (117) Sales of solar energy electricity generating systems and  
3855 passive or active solar water or space heating systems and geo-thermal  
3856 resource systems, including equipment related to such systems, and

3857 sales of services relating to the installation of such systems.

3858 (NEW) (118) Sales of ice storage systems used for cooling, including  
3859 equipment related to such systems, and sales of services relating to the  
3860 installation of such systems by a utility ratepayer who is billed by such  
3861 utility on a time-of-service metering basis.

3862 Sec. 81. Section 12-412k of the general statutes is repealed and the  
3863 following is substituted in lieu thereof (*Effective June 1, 2007*):

3864 (a) For purposes of this section, "residential weatherization  
3865 products" means programmable thermostats, window film, caulking,  
3866 window and door weather strips, insulation, water heater blankets,  
3867 water heaters, natural gas and propane furnaces and boilers that meet  
3868 the federal Energy Star standard, windows and doors that meet the  
3869 federal Energy Star standard, oil furnaces and boilers that are not less  
3870 than [eighty-five] eighty-four per cent efficient and [ground-based]  
3871 ground-source heat pumps that meet the minimum federal energy  
3872 efficiency rating.

3873 (b) Notwithstanding the provisions of the general statutes, [from  
3874 November 25, 2005, to April 1, 2006, and from June 1, 2006, to June 30,  
3875 2007,] the provisions of this chapter shall not apply to sales of any  
3876 residential weatherization products or compact fluorescent light bulbs.

3877 Sec. 82. (NEW) (*Effective from passage*) Notwithstanding the  
3878 provisions of the general statutes, from the effective date of this section  
3879 to June 30, 2008, inclusive, the provisions of chapter 219 of the general  
3880 statutes shall not apply to sales of any household appliance that meets  
3881 the federal Energy Star standard.

3882 Sec. 83. Section 16-245a of the general statutes is amended by adding  
3883 subsection (g) as follows (*Effective from passage*):

3884 (NEW) (g) (1) Notwithstanding the provisions of this section and  
3885 section 16-244c, as amended by this act, for periods beginning on and  
3886 after January 1, 2008, each electric distribution company may procure

3887 renewable energy certificates from Class I or Class II renewable energy  
3888 sources through long-term contracting mechanisms. The electric  
3889 distribution companies may enter into long-term contracts for not  
3890 more than fifteen years to procure such renewable energy certificates.  
3891 For purposes of determining compliance with renewable portfolio  
3892 standard requirements the generation associated with the renewable  
3893 energy certificates purchased pursuant to this section shall be credited  
3894 against the required amounts of output and standard service or  
3895 supplier of last resort service, pursuant to subsection (a) of this section,  
3896 for the periods in which the output and services to which such  
3897 renewable energy certificates apply are produced.

3898 (2) On or before July 1, 2007, the department shall initiate a  
3899 contested case proceeding to examine the use of long-term contracts to  
3900 procure Class I, Class II and Class III certificates. In such examination,  
3901 the department shall determine (A) the impact of such contracts on  
3902 price stability, fuel diversity and cost; (B) the method and timing of  
3903 crediting of the procurement of renewable energy certificates against  
3904 the renewable portfolio standard purchase obligations of electric  
3905 suppliers and the electric distribution companies pursuant to  
3906 subsection (a) of this section; (C) the terms and conditions, including  
3907 reasonable performance assurance commitments, to be imposed on  
3908 entities seeking to supply renewable energy certificates; (D) the level of  
3909 one-time compensation, not to exceed one mill per kilowatt hour of  
3910 output and services associated with the renewable energy certificates  
3911 purchased pursuant to this subsection, which shall be payable to the  
3912 electric distribution companies for administering the procurement  
3913 provided for under this subsection and recovered as part of the  
3914 generation services charge or through an appropriate nonbypassable  
3915 rate component on customers' bills; (E) the manner in which costs for  
3916 such program will be recovered from electric distribution company  
3917 customers; and (F) any other issues the department deems appropriate.  
3918 Revenues from such compensation shall not be included in calculating  
3919 the electric distribution companies' earnings to determine if rates are  
3920 just and reasonable, for earnings sharing mechanisms or for purposes

3921 of sections 16-19, 16-19a and 16-19e, as amended by this act.

3922 Sec. 84. Section 12-635 of the general statutes is repealed and the  
3923 following is substituted in lieu thereof (*Effective July 1, 2007*):

3924 The Commissioner of Revenue Services shall grant a credit against  
3925 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or  
3926 212 (1) in an amount not to exceed [sixty] one hundred per cent of the  
3927 total cash amount invested during the taxable year by the business  
3928 firm in programs operated or created pursuant to proposals approved  
3929 pursuant to section 12-632 for energy conservation projects directed  
3930 toward properties occupied by persons, at least seventy-five per cent  
3931 of whom are at an income level not exceeding one hundred fifty per  
3932 cent of the poverty level for the year next preceding the year during  
3933 which such tax credit is to be granted; [, or] (2) in an amount equal to  
3934 one hundred per cent of the total cash amount invested during the  
3935 taxable year by the business firm in programs operated or created  
3936 pursuant to proposals approved pursuant to section 12-632 for energy  
3937 conservation projects at properties owned or occupied by charitable  
3938 corporations, foundations, trusts or other entities as determined under  
3939 regulations adopted pursuant to this chapter; or (3) in an amount not  
3940 to exceed sixty per cent of the total cash amount invested during the  
3941 taxable year by the business firm in employment and training  
3942 programs directed at youths, at least seventy-five per cent of whom are  
3943 at an income level not exceeding one hundred fifty per cent of the  
3944 poverty level for the year next preceding the year during which such  
3945 tax credit is to be granted; in employment and training programs  
3946 directed at handicapped persons as determined under regulations  
3947 adopted pursuant to this chapter; in employment and training  
3948 programs for unemployed workers who are fifty years of age or older;  
3949 in education and employment training programs for recipients in the  
3950 temporary family assistance program; or in child care services. Any  
3951 other program which serves persons at least seventy-five per cent of  
3952 whom are at an income level not exceeding one hundred fifty per cent  
3953 of the poverty level for the year next preceding the year during which  
3954 such tax credit is to be granted and which meets the standards for

3955 eligibility under this chapter shall be eligible for tax credit under this  
3956 section.

3957       Sec. 85. (NEW) (*Effective July 1, 2007*) (a) For the purposes described  
3958 in subsection (b) of this section, the State Bond Commission shall have  
3959 the power, from time to time, to authorize the issuance of bonds of the  
3960 state in one or more series and in principal amounts not exceeding in  
3961 the aggregate thirty million dollars.

3962       (b) The proceeds of the sale of said bonds, to the extent of the  
3963 amount stated in subsection (a) of this section, shall be used by the  
3964 Department of Public Works for the purpose of funding the net project  
3965 costs, or the balance of any projects after applying any public or  
3966 private financial incentives available, for any energy services project  
3967 that results in increased efficiency measures in state buildings.

3968       (c) All provisions of section 3-20 of the general statutes, or the  
3969 exercise of any right or power granted thereby, which are not  
3970 inconsistent with the provisions of this section are hereby adopted and  
3971 shall apply to all bonds authorized by the State Bond Commission  
3972 pursuant to this section, and temporary notes in anticipation of the  
3973 money to be derived from the sale of any such bonds so authorized  
3974 may be issued in accordance with said section 3-20 and from time to  
3975 time renewed. Such bonds shall mature at such time or times not  
3976 exceeding twenty years from their respective dates as may be provided  
3977 in or pursuant to the resolution or resolutions of the State Bond  
3978 Commission authorizing such bonds. None of said bonds shall be  
3979 authorized except upon a finding by the State Bond Commission that  
3980 there has been filed with it a request for such authorization which is  
3981 signed by or on behalf of the Secretary of the Office of Policy and  
3982 Management and states such terms and conditions as said commission,  
3983 in its discretion, may require. Said bonds issued pursuant to this  
3984 section shall be general obligations of the state and the full faith and  
3985 credit of the state of Connecticut are pledged for the payment of the  
3986 principal of and interest on said bonds as the same become due, and  
3987 accordingly and as part of the contract of the state with the holders of

3988 said bonds, appropriation of all amounts necessary for punctual  
3989 payment of such principal and interest is hereby made, and the State  
3990 Treasurer shall pay such principal and interest as the same become  
3991 due.

3992 Sec. 86. Section 10a-180 of the general statutes is amended by adding  
3993 subsection (w) as follows (*Effective October 1, 2007*):

3994 (NEW) (w) To make grants or provide other forms of financial  
3995 assistance to any institution of higher education, to any health care  
3996 institution, to any nursing home, to any child care or child  
3997 development facility and to any qualified nonprofit organization in  
3998 such amounts, for energy efficient construction or renovation projects  
3999 or renewable energy construction or renovation projects subject to  
4000 such eligibility and other requirements the board establishes pursuant  
4001 to written procedures adopted by the board of directors pursuant to  
4002 subsection (h) of section 10a-179.

4003 Sec. 87. Section 5 of public act 05-2 of the October 25 special session  
4004 is repealed and the following is substituted in lieu thereof (*Effective*  
4005 *from passage*):

4006 Notwithstanding the provisions of section 16a-40b of the general  
4007 statutes, as amended by section 5 of public act 05-191, for the fiscal  
4008 year ending June 30, [2006] 2008, the range of rates of interest payable  
4009 on all loans pursuant to subsection (b) of said section 16a-40b for  
4010 purchases set forth in subsection (a) of said section 16a-40b, except for  
4011 goods or services relating to [aluminum or vinyl siding,] replacement  
4012 central air conditioning, [replacement roofs,] heat pumps or solar  
4013 systems and passive solar additions, shall be not less than zero per cent  
4014 for any applicant in the lowest income class and not more than three  
4015 per cent for any applicant for whom the adjusted gross income of the  
4016 household member or members who contribute to the support of the  
4017 household was at least one hundred fifteen per cent of the median area  
4018 income by household size.

4019 Sec. 88. Section 16a-2 of the general statutes is repealed and the

4020 following is substituted in lieu thereof (*Effective from passage*):

4021 As used in this chapter and sections 16a-45a, 16a-46, 16a-46a and  
4022 16a-46b:

4023 (a) "Office" means the Office of Policy and Management;

4024 (b) "Board" means the Connecticut Energy Advisory Board;

4025 (c) "Secretary" means the Secretary of the Office of Policy and  
4026 Management;

4027 (d) "Energy" means work or heat that is, or may be, produced from  
4028 any fuel or source whatsoever;

4029 (e) "Energy emergency" means a situation where the health, safety  
4030 or welfare of the citizens of the state is threatened by an actual or  
4031 impending acute shortage in usable energy resources;

4032 (f) "Energy resource" means natural gas, petroleum products, coal  
4033 and coal products, wood fuels, geothermal sources, radioactive  
4034 materials and any other resource yielding energy;

4035 (g) "Person" means any individual, firm, partnership, association,  
4036 syndicate, company, trust, corporation, limited liability company,  
4037 municipality, agency or political or administrative subdivision of the  
4038 state, or other legal entity of any kind;

4039 (h) "Service area" means any geographic area serviced by the same  
4040 energy-producing public service company, as defined in section 16-1,  
4041 as amended by this act;

4042 (i) "Renewable resource" means solar, wind, water, wood or other  
4043 biomass source of energy and geothermal energy;

4044 (j) "Energy-related products" means (1) energy systems and  
4045 equipment that utilize renewable resources to provide space heating or  
4046 cooling, water heating, electricity or other useful energy, (2) insulation  
4047 materials, and (3) equipment designed to conserve energy or increase

4048 the efficiency of its use, including that used for residential, commercial,  
4049 industrial and transportation purposes;

4050 (k) "Energy-related services" means (1) the design, construction,  
4051 installation, inspection, maintenance, adjustment or repair of energy-  
4052 related products, (2) inspection, adjustment, maintenance or repair of  
4053 any conventional energy system, (3) the performance of energy audits  
4054 or the provision of energy management consulting services, and (4)  
4055 weatherization activities carried out under any federal, state or  
4056 municipal program;

4057 (l) "Conventional energy system" means any system for supplying  
4058 space heating or cooling, ventilation or domestic or commercial hot  
4059 water which is not included in subdivision (1) of subsection (j) of this  
4060 section; [and]

4061 (m) "Energy supply" means any energy resource capable of being  
4062 used to perform useful work and any form of energy such as electricity  
4063 produced or derived from energy resources which may be so used;  
4064 and

4065 (n) "Energy facility" means a structure that generates, transmits or  
4066 stores electricity, natural gas, refined petroleum products, renewable  
4067 fuels, coal and coal products, wood fuels, geothermal sources,  
4068 radioactive material and other resources yielding energy.

4069 Sec. 89. Section 16a-7b of the general statutes is repealed and the  
4070 following is substituted in lieu thereof (*Effective from passage*):

4071 (a) Not later than December 1, 2004, the Connecticut Energy  
4072 Advisory Board shall develop infrastructure criteria guidelines for the  
4073 evaluation process under subsection (f) of section 16a-7c, which  
4074 guidelines shall be consistent with state environmental policy, state  
4075 economic development policy, the state's policy regarding the  
4076 restructuring of the electric industry, as set forth in section 16-244, and  
4077 the findings in the comprehensive energy plan prepared pursuant to  
4078 section 16a-7a, and shall include, but not be limited to, the following:

4079 (1) Environmental preference standards; (2) efficiency standards,  
4080 including, but not limited to, efficiency standards for transmission,  
4081 generation and demand-side management; (3) generation preference  
4082 standards; (4) electric capacity, use trends and forecasted resource  
4083 needs; (5) natural gas capacity, use trends and forecasted resource  
4084 needs; and (6) national and regional reliability criteria applicable to the  
4085 regional bulk power grid, as determined in consultation with the  
4086 regional independent system operator, as defined in section 16-1. In  
4087 developing environmental preference standards, the board shall  
4088 consider the recommendations and findings of the task force  
4089 established pursuant to section 25-157a and Executive Order Number  
4090 26 of Governor John G. Rowland.

4091 (b) No municipality other than a municipality operating a plant  
4092 pursuant to chapter 101 or any special act and acting for purposes  
4093 thereto may take an action to condemn, in whole or in part, or restrict  
4094 the operation of any existing and currently operating energy facility, if  
4095 such facility is first determined by the Department of Public Utility  
4096 Control, following a contested case proceeding, held in accordance  
4097 with the provisions of chapter 54, to comprise a critical, unique and  
4098 unmovable component of the state's energy infrastructure, unless the  
4099 municipality first receives written approval from the department, the  
4100 Office of Policy and Management, the Connecticut Energy Advisory  
4101 Board and the Connecticut Siting Council that such taking would not  
4102 have a detrimental impact on the state's or region's ability to provide a  
4103 particular energy resource to its citizens.

4104 Sec. 90. Section 29-256a of the general statutes is repealed and the  
4105 following is substituted in lieu thereof (*Effective October 1, 2007*):

4106 (a) The State Building Inspector and the Codes and Standards  
4107 Committee shall revise the State Building Code to require that  
4108 buildings and building elements be designed to provide optimum cost-  
4109 effective energy efficiency over the useful life of the building. Such  
4110 revision shall [meet] exceed by not less than twenty per cent the  
4111 American Society of Heating, Refrigerating and Air Conditioning

4112 Engineers Standard 90.1 for new construction.

4113 (b) Notwithstanding subsection (a) of this section, the State Building  
4114 Inspector and the Codes and Standards Committee shall revise the  
4115 State Building Code to require that any (1) building, except a  
4116 residential building, constructed after January 1, 2009, that is projected  
4117 to cost not less than five million dollars, and (2) renovation to any  
4118 building, except a residential building, started after January 1, 2009,  
4119 that is projected to cost not less than two million dollars shall be built  
4120 or renovated using building construction standards consistent with or  
4121 exceeding the silver building rating of the Leadership in Energy and  
4122 Environmental Design's rating system for new commercial  
4123 construction and major renovation projects, as established by the  
4124 United States Green Building Council, or an equivalent standard,  
4125 including, but not limited to, a two-globe rating in the Green Globes  
4126 USA design program. The inspector and the committee shall provide  
4127 for an exemption for any building if the Institute for Sustainable  
4128 Energy finds, in a written analysis, that the cost of such compliance  
4129 significantly outweighs the benefits.

4130 Sec. 91. Subsection (a) of section 16-245e of the general statutes is  
4131 amended by adding subdivisions (14) to (18), inclusive, as follows  
4132 (*Effective from passage*):

4133 (NEW) (14) "State rate reduction bonds" means the rate reduction  
4134 bonds issued on June 23, 2004, by the state to sustain funding of  
4135 conservation and load management and renewable energy investment  
4136 programs by substituting for disbursements to the General Fund from  
4137 the Energy Conservation and Load Management Fund, established by  
4138 section 16-245m, and from the Renewable Energy Investment Fund,  
4139 established by section 16-245n, as amended by this act. The state rate  
4140 reduction bonds for the purposes of section 4-30a shall be deemed to  
4141 be outstanding indebtedness of the state;

4142 (NEW) (15) "Operating expenses" in connection with the state rate  
4143 reduction bonds, means (A) all expenses, costs and liabilities of the

4144 state or the trustee incurred in connection with the administration or  
4145 payment of the state rate reduction bonds or in discharge of its  
4146 obligations and duties under the state rate reduction bonds or bond  
4147 documents, expenses and other costs and expenses arising in  
4148 connection with the state rate reduction bonds or pursuant to the  
4149 financing order providing for the issuance of such bonds including any  
4150 arbitrage rebate and penalties payable under the code in connection  
4151 with such bonds, and (B) all fees and expenses payable or disburseable  
4152 to the servicers or others under the bond documents;

4153 (NEW) (16) "Bond documents" means, in connection with the state  
4154 rate reduction bonds, the following documents: The servicing  
4155 agreements, the tax compliance agreement and certificate, and the  
4156 continuing disclosure agreement entered into in connection with the  
4157 state rate reduction bonds and the indenture;

4158 (NEW) (17) "Indenture" means, in connection with the state rate  
4159 reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and  
4160 between the state and the trustee, as amended from time to time; and

4161 (NEW) (18) "Trustee" means in connection with the state rate  
4162 reduction bonds the trustee appointed under the indenture.

4163 Sec. 92. Section 16-245e of the general statutes is amended by adding  
4164 subsection (l) as follows (*Effective from passage*):

4165 (NEW) (l) The sum of ninety-five million dollars is appropriated to  
4166 the Treasurer, from the General Fund, for the fiscal year ending June  
4167 30, 2007, for the purpose of (1) defeasing the state rate reduction bonds  
4168 maturing after December 30, 2007, by irrevocably depositing with the  
4169 bond trustee in trust such appropriation to be used for the scheduled  
4170 payments of principal and interest on the said state rate reduction  
4171 bonds and paying operating expenses, (2) if the Treasurer determines  
4172 it to be in the state's best interest, purchasing state rate reduction  
4173 bonds maturing after December 30, 2007, in the open market on such  
4174 terms and conditions as the Treasurer determines to be in the best  
4175 interest of the state for purposes of satisfying such bonds, or (3)

4176 defeasing or satisfying the state rate reduction bonds maturing after  
4177 December 30, 2007, by a combination of the methods described in  
4178 subdivisions (1) and (2) of this subsection. Such appropriation is for  
4179 the purpose of paying debt service on bonds or other evidences of  
4180 indebtedness and related costs and expenses provided for in the  
4181 indenture. After the defeasance or satisfaction of all outstanding state  
4182 rate reduction bonds, the trustee shall deliver to the Treasurer or apply  
4183 in accordance with the instructions of the Treasurer all moneys held by  
4184 it not necessary to defease or satisfy such bonds or allocated to pay  
4185 operating expenses. Such funds shall be first applied to satisfy any  
4186 unpaid operating expenses. After payment of the operating expenses,  
4187 seventy-five per cent of any remaining amounts shall be paid to the  
4188 Energy Conservation and Load Management Fund, established  
4189 pursuant to section 16-245m, and twenty-five per cent of such  
4190 remaining amount shall be paid to the Renewable Energy Investment  
4191 Fund, established pursuant to section 16-245n, as amended by this act.  
4192 The Treasurer and the finance authority have the authority to take any  
4193 necessary and appropriate actions to implement the defeasance or  
4194 satisfaction of the state rate reduction bonds and the payment of all  
4195 operating expenses so that the amount of state rate reduction charges  
4196 which before defeasance secured the state rate reduction bonds can be  
4197 applied to the Energy Conservation and Load Management Fund and  
4198 the Renewable Energy Investment Fund.

4199 Sec. 93. Subsection (b) of section 16a-40b of the general statutes, as  
4200 amended by section 1 of public act 07-64, is repealed and the following  
4201 is substituted in lieu thereof (*Effective from passage*):

4202 (b) [Except as provided under subsection (c) of this section, any]  
4203 Any such loan or deferred loan shall be available only for a residential  
4204 structure containing not more than four dwelling units, shall be not  
4205 less than four hundred dollars and not more than [~~fifteen~~] twenty-five  
4206 thousand dollars per structure and, with respect to any application  
4207 received on or after November 29, 1979, shall be made only to an  
4208 applicant who submits evidence, satisfactory to the commissioner, that  
4209 the adjusted gross income of the household member or members who

4210 contribute to the support of his household was not in excess of one  
4211 hundred fifty per cent of the median area income by household size. In  
4212 the case of a deferred loan, the contract shall require that payments on  
4213 interest are due immediately but that payments on principal may be  
4214 made at a later time. Repayment of all loans made under this  
4215 subsection shall be subject to a rate of interest to be determined in  
4216 accordance with subsection (t) of section 3-20 and such terms and  
4217 conditions as the commissioner may establish. The State Bond  
4218 Commission shall establish a range of rates of interest payable on all  
4219 loans under this subsection and shall apply the range to applicants in  
4220 accordance with a formula which reflects their income. Such range  
4221 shall be not less than zero per cent for any applicant in the lowest  
4222 income class and not more than one per cent above the rate of interest  
4223 borne by the general obligation bonds of the state last issued prior to  
4224 the most recent date such range was established for any applicant for  
4225 whom the adjusted gross income of the household member or  
4226 members who contribute to the support of his household does not  
4227 exceed one hundred fifty per cent of the median area income by  
4228 household size.

4229       Sec. 94. (*Effective July 1, 2007*) (a) For the purposes described in  
4230 subsection (b) of this section, the State Bond Commission shall have  
4231 the power, from time to time, to authorize the issuance of bonds of the  
4232 state in one or more series and in principal amounts not exceeding in  
4233 the aggregate thirty million dollars.

4234       (b) The proceeds of the sale of said bonds, to the extent of the  
4235 amount stated in subsection (a) of this section, shall be used by  
4236 Connecticut Innovations, Incorporated, for the purpose of funding the  
4237 net project costs, or the balance of any projects after applying any  
4238 public or private financial incentives available, for any renewable  
4239 energy or combined heat and power projects in state buildings. The  
4240 funds shall be made available through the Renewable Energy  
4241 Investment Fund, established pursuant to section 16-245n of the  
4242 general statutes, as amended by this act. Eligible state buildings shall  
4243 be Leadership in Energy and Environmental Design (LEED) certified

4244 or in the process of becoming LEED certified, or certified to meet or  
4245 exceed a two-globe rating in the Green Globes USA Design Program.

4246 (c) All provisions of section 3-20 of the general statutes, or the  
4247 exercise of any right or power granted thereby, which are not  
4248 inconsistent with the provisions of this section are hereby adopted and  
4249 shall apply to all bonds authorized by the State Bond Commission  
4250 pursuant to this section, and temporary notes in anticipation of the  
4251 money to be derived from the sale of any such bonds so authorized  
4252 may be issued in accordance with said section 3-20 and from time to  
4253 time renewed. Such bonds shall mature at such time or times not  
4254 exceeding twenty years from their respective dates as may be provided  
4255 in or pursuant to the resolution or resolutions of the State Bond  
4256 Commission authorizing such bonds. None of said bonds shall be  
4257 authorized except upon a finding by the State Bond Commission that  
4258 there has been filed with it a request for such authorization which is  
4259 signed by or on behalf of the Secretary of the Office of Policy and  
4260 Management and states such terms and conditions as said commission,  
4261 in its discretion, may require. Said bonds issued pursuant to this  
4262 section shall be general obligations of the state and the full faith and  
4263 credit of the state of Connecticut are pledged for the payment of the  
4264 principal of and interest on said bonds as the same become due, and  
4265 accordingly and as part of the contract of the state with the holders of  
4266 said bonds, appropriation of all amounts necessary for punctual  
4267 payment of such principal and interest is hereby made, and the State  
4268 Treasurer shall pay such principal and interest as the same become  
4269 due.

4270 Sec. 95. (*Effective from passage*) During the calendar year 2007,  
4271 Operation Fuel, Incorporated, shall establish a one-time clean-slate  
4272 program to target low-income persons with high utility bill arrearages.  
4273 Said program shall constitute a one-time grant based on the recipient's  
4274 income and arrearage amount. Grants shall only apply to arrearages  
4275 no more than twenty-four months old and shall not exceed one  
4276 thousand dollars. Said program shall also incorporate case  
4277 management services, including, but not limited to, budget counseling

4278 and assistance with utility payment programs.

4279 Sec. 96. Section 16a-41h of the general statutes is repealed and the  
4280 following is substituted in lieu thereof (*Effective from passage*):

4281 (a) (1) Each electric [and] distribution company, gas company [, as  
4282 defined in section 16-1, having at least seventy-five thousand  
4283 customers] and municipal utility furnishing electric or gas service,  
4284 shall include in its monthly bills a request to each customer to add a  
4285 [one-dollar] donation in an amount designated by the customer to the  
4286 bill payment. Such company shall provide to all of its customers the  
4287 opportunity to donate one dollar, two dollars, three dollars or another  
4288 amount on each bill provided to a customer either through the mail or  
4289 electronically. Such designation shall be made available and included  
4290 where customers are either electronically billed or bill payment is  
4291 handled electronically. The opportunity to donate one dollar, two  
4292 dollars, three dollars or another amount shall be included on the bill in  
4293 such a way that facilitates such donations.

4294 (2) Operation Fuel, Incorporated, a state-wide nonprofit  
4295 organization designed to respond to people within the state who are in  
4296 financial crisis and need emergency energy assistance, shall provide  
4297 fundraising inserts and remittance envelopes to retail dealers of fuel oil  
4298 that volunteer to include the inserts and envelopes in their customers'  
4299 bills for one or more billing cycles each year. Such retail dealers of fuel  
4300 oil shall inform Operation Fuel, Incorporated, as to the number of  
4301 inserts and envelopes needed to conduct such a mailing.

4302 (3) Each electric, gas or fuel oil company shall transmit all such  
4303 donations received each month, as well as their own contributions, if  
4304 any, to Operation Fuel, [Inc., a state-wide nonprofit organization  
4305 designed to respond to people within the state who are in financial  
4306 crisis and need emergency energy assistance. Donations] Incorporated.  
4307 Operation Fuel, Incorporated shall [be distributed] distribute  
4308 donations to nonprofit social services agencies and private fuel banks  
4309 in accordance with guidelines established by the board of directors of

4310 Operation Fuel, Inc., provided such funds shall be distributed on a  
4311 priority basis to low-income elderly and working poor households  
4312 which are not eligible for public assistance or state-administered  
4313 general assistance but are faced with a financial crisis and are unable to  
4314 make timely payments on [winter] fuel, electricity or gas bills. Such  
4315 companies shall coordinate their promotions of this program, holding  
4316 promotions during the same month and using similar formats.

4317 (b) If Operation Fuel, Inc. ceases to exist, such electric and gas  
4318 companies shall jointly establish a nonprofit, tax-exempt corporation  
4319 for the purpose of holding in trust and distributing such customer  
4320 donations. The board of directors of such corporation shall consist of  
4321 eleven members appointed as follows: Four by the companies, each of  
4322 which shall appoint one member; one by the president pro tempore of  
4323 the Senate; one by the minority leader of the Senate; one by the speaker  
4324 of the House of Representatives; one by the minority leader of the  
4325 House of Representatives; and three by the Governor. The board shall  
4326 distribute such funds to nonprofit organizations and social service  
4327 agencies which provide emergency energy or fuel assistance. The  
4328 board shall target available funding on a priority basis to low-income  
4329 elderly and working poor households which are not eligible for public  
4330 assistance or state-administered general assistance but are faced with a  
4331 financial crisis and are unable to make timely payments on [winter]  
4332 fuel, electricity or gas bills.

4333 (c) Not later than the first of September annually, Operation Fuel,  
4334 Inc. shall submit to the General Assembly a report on the  
4335 implementation of this section. Such report shall include, (1) a  
4336 summary of the effectiveness of the program, (2) the total amount of  
4337 the donations received by electric and gas companies and transmitted  
4338 to Operation Fuel, Inc. under subsection (b) of this section, and (3) an  
4339 accounting of the distribution of such funds by Operation Fuel, Inc.  
4340 indicating the organizations and agencies receiving funds, the amounts  
4341 received and distributed by each such organization and agency and  
4342 the number of households each assisted. On and after October 1, 1996,  
4343 the report shall be submitted to the joint standing committee of the

4344 General Assembly having cognizance of matters relating to energy  
4345 and, upon request, to any member of the General Assembly. A  
4346 summary of the report shall be submitted to each member of the  
4347 General Assembly if the summary is two pages or less and a  
4348 notification of the report shall be submitted to each member if the  
4349 summary is more than two pages. Submission shall be by mailing the  
4350 report, summary or notification to the legislative address of each  
4351 member of the committee or the General Assembly, as applicable.

4352 Sec. 97. Section 4a-67d of the general statutes is repealed and the  
4353 following is substituted in lieu thereof (*Effective from passage*):

4354 (a) The fleet average for cars or light duty trucks purchased by the  
4355 state shall: (1) On and after October 1, 2001, have a United States  
4356 Environmental Protection Agency estimated highway gasoline mileage  
4357 rating of at least thirty-five miles per gallon and on and after January 1,  
4358 2003, have a United States Environmental Protection Agency estimated  
4359 highway gasoline mileage rating of at least forty miles per gallon, (2)  
4360 comply with the requirements set forth in 10 CFR 490 concerning the  
4361 percentage of alternative-fueled vehicles required in the state motor  
4362 vehicle fleet, and (3) obtain the best achievable mileage per pound of  
4363 carbon dioxide emitted in its class. The alternative-fueled vehicles  
4364 purchased by the state to comply with said requirements shall be  
4365 capable of operating on natural gas or electricity or any other system  
4366 acceptable to the United States Department of Energy that operates on  
4367 fuel that is available in the state.

4368 (b) Notwithstanding any other provisions of this section, (1) on and  
4369 after January 1, 2008, any car or light duty truck purchased by the state  
4370 shall have an efficiency rating that is in the top third of all vehicles in  
4371 such purchased vehicle's class and fifty per cent of such cars and light  
4372 duty trucks shall be alternative fueled, hybrid electric or plug-in  
4373 electric vehicles, and (2) on and after January 1, 2010, any car or light  
4374 duty truck purchased by the state shall have an efficiency rating that is  
4375 in the top third of all vehicles in such purchased vehicle's class and one  
4376 hundred per cent of such cars and light duty trucks shall be alternative

4377 fueled, hybrid electric or plug-in electric vehicles.

4378 [(b)] (c) The provisions of [subsection (a)] subsections (a) and (b) of  
4379 this section shall not apply to cars or light duty trucks purchased for  
4380 law enforcement or other special use purposes as designated by the  
4381 Department of Administrative Services.

4382 [(c)] (d) As used in this section, the terms "car" and "light duty  
4383 truck" shall be as defined in the United States Department of Energy  
4384 Publication DOE/CE -0019/8, or any successor publication.

4385 Sec. 98. (NEW) (*Effective from passage*) If any existing electric  
4386 generation plant within the state is offered for sale, the Department of  
4387 Public Utility Control shall authorize the electric distribution  
4388 companies to purchase and operate such plants if the department,  
4389 through a contested case proceeding, determines that such purchase  
4390 and operation is in the public interest, provided any acquisition plan  
4391 shall include provisions for payment of property taxes on the value of  
4392 the purchased plant and provisions for employee protections  
4393 consistent with subdivision (3) of subsection (b) of section 16-244f of  
4394 the general statutes. An electric distribution company purchasing such  
4395 generation plants shall be entitled to recover the costs of such purchase  
4396 in an annual retail generation rate contested case consistent with the  
4397 principles set forth in sections 16-19, 16-19b and 16-19e of the general  
4398 statutes, as amended by this act, provided the return on equity  
4399 associated with such purchase and operation shall be established in  
4400 said contested case proceeding and updated at least once every four  
4401 years. The department shall review and approve the cost recovery  
4402 provisions in the proceeding to determine that such purchase and  
4403 operation are in the public interest.

4404 Sec. 99. (*Effective from passage*) On or before July 1, 2007, the Energy  
4405 Conservation Management Board, established pursuant to section 16-  
4406 245m of the general statutes, shall contract with an independent, third  
4407 party to conduct an assessment of Connecticut's conservation and  
4408 energy efficiency potential, including conservation, demand response

4409 and load management. Such assessment shall be considered an update  
4410 to a similar assessment conducted by a third party in 2004. Not later  
4411 than February 1, 2008, the board shall present the results of such  
4412 assessment and its recommendations for cost-effective methods or  
4413 mechanisms to fund new or expanded energy efficiency initiatives to  
4414 address the energy efficiency potential determined in the assessment  
4415 to the joint standing committee of the General Assembly having  
4416 cognizance of matters relating to energy.

4417 Sec. 100. (NEW) (*Effective July 1, 2007*) (a) The Energy Conservation  
4418 Management Board, established pursuant to section 16-245m of the  
4419 general statutes, shall establish a plan to (1) reach zero per cent load  
4420 growth by the year 2010, (2) describe in detail any existing Connecticut  
4421 higher educational energy efficiency resources, (3) quantify the  
4422 strategic role that energy efficiency programs can play in facilitating a  
4423 transition to a more efficient and competitive business climate, and (4)  
4424 identify measures that can be employed and investments in research  
4425 that can be made to position the state as a national leader in energy  
4426 efficiency.

4427 (b) On or before January 1, 2008, and annually thereafter, the board  
4428 shall report on the progress of achieving, meeting or exceeding the  
4429 goals set forth in the plan established pursuant to subsection (a) of this  
4430 section to the Connecticut Energy Advisory Board, established  
4431 pursuant to section 16a-3 of the general statutes, for comparison with  
4432 and possible inclusion in any plan for the procurement of energy  
4433 resources submitted to the Connecticut Energy Advisory Board by the  
4434 electric distribution companies.

4435 Sec. 101. (NEW) (*Effective October 1, 2007*) On or before January 1,  
4436 2008, the Energy Conservation Management Board, established  
4437 pursuant to section 16-245m of the general statutes, shall design a  
4438 program to be implemented by the electric distribution companies to  
4439 provide cost-effective loans or award cost-effective grants to electric  
4440 customers billed on a time of use basis for the construction and  
4441 installation of cost-efficient energy storage units. The board shall

4442 present its program design to the Department of Public Utility Control  
4443 for approval. Funding for any loans or grants awarded pursuant to this  
4444 section shall be provided from the state's conservation and load  
4445 management funds.

4446 Sec. 102. Subsection (a) of section 16-243n of the general statutes is  
4447 repealed and the following is substituted in lieu thereof (*Effective from*  
4448 *passage*):

4449 (a) Not later than October 1, 2005, each electric distribution  
4450 company, as defined in section 16-1, as amended by this act, shall  
4451 submit an application to the Department of Public Utility Control to (1)  
4452 on or before January 1, 2007, implement mandatory peak, shoulder  
4453 and off-peak time of use rates for commercial or industrial customers,  
4454 other than schools and municipal buildings, that have a maximum  
4455 demand of not less than three hundred fifty kilowatts, and (2) on or  
4456 before June 1, 2006, offer optional interruptible or load response rates  
4457 for customers that have a maximum demand of not less than three  
4458 hundred fifty kilowatts and offer optional seasonal and time of use  
4459 rates for all customers. The application shall propose to establish time  
4460 of use rates through a procurement plan, revenue neutral adjustments  
4461 to delivery rates, or both. Each electric distribution company shall  
4462 continue to provide rates that are not time-of-use based for all  
4463 residential customers, including a separate residential electric heating  
4464 service rate, and for all other municipal customers and educational  
4465 facilities.

4466 Sec. 103. (NEW) (*Effective from passage*) The Department of Public  
4467 Utility Control shall direct an electric distribution company to  
4468 negotiate, in good faith, long-term contracts for the electric energy  
4469 output of each of the generation projects selected and approved by the  
4470 department to provide capacity pursuant to section 16-243m of the  
4471 general statutes, provided the rates paid for such electric energy  
4472 output when added to the payments made pursuant to such capacity  
4473 contracts shall be the project's cost of service including a reasonable  
4474 rate of return. The electric distribution company shall apply to the

4475 department for approval of any such energy output contract. No such  
4476 contract shall be effective unless approved by the department. The  
4477 department may approve only such contracts it finds would reduce  
4478 and stabilize the cost of electricity to Connecticut ratepayers. Such  
4479 contract may not exceed the term of the capacity contract for such  
4480 generation project.

4481 Sec. 104. (NEW) (*Effective July 1, 2007*) (a) The Department of Public  
4482 Utility Control shall, in coordination with the Energy Conservation  
4483 Management Board, established pursuant to section 16-245m of the  
4484 general statutes, establish a state-wide energy efficiency and outreach  
4485 marketing campaign to target the following sectors: (1) Commercial,  
4486 including small businesses, (2) industrial, (3) governmental, (4)  
4487 institutional, including schools, hospitals and nonprofits, (5)  
4488 agricultural, and (6) residential.

4489 (b) The goals of the campaign established pursuant to subsection (a)  
4490 of this section shall include, but not be limited to, (1) educating  
4491 residents on the benefits of energy efficiency, (2) motivating said  
4492 residents to take action to achieve lasting energy savings, (3) educating  
4493 and informing said residents about the real-time energy report  
4494 program prepared pursuant to section 105 of this act and the customer  
4495 notification procedure prepared pursuant to section 106 of this act, and  
4496 (4) supporting the energy efficiency programs already in existence.

4497 (c) On or before October 1, 2007, the department shall develop a  
4498 plan to meet the goals of said campaign pursuant to subsection (b) of  
4499 this section and, on or before January 1, 2008, the department shall  
4500 implement said plan. Said plan shall include a coordinated range of  
4501 marketing activities and outreach strategies, including, but not limited  
4502 to, television, radio and newspaper advertisements, printed  
4503 educational materials, events, a comprehensive web site resource  
4504 serving all sectors, a biweekly electronic newsletter, planning forums  
4505 and meetings throughout the state, and partnerships with businesses,  
4506 government entities and nonprofit organizations.

4507 (d) On or before February 1, 2008, and on or before January 1, 2009,  
4508 the department shall report to the joint standing committee of the  
4509 General Assembly having cognizance of matters relating to energy, in  
4510 accordance with the provisions of section 11-4a of the general statutes.  
4511 Said report shall describe the design of the program established  
4512 pursuant to this section, including, but not limited to, an accounting of  
4513 money spent and planned expenditures and a method of measuring  
4514 program effectiveness.

4515 Sec. 105. (NEW) (*Effective from passage*) (a) As part of the energy  
4516 efficiency and outreach marketing campaign established pursuant to  
4517 section 104 of this act, the Department of Public Utility Control shall, in  
4518 consultation with the Energy Conservation Management Board,  
4519 established pursuant to section 16-245m of the general statutes,  
4520 develop recommendations for the implementation of a real-time  
4521 energy report program for use on television, radio, the Internet and  
4522 other media. Said program shall include, but not be limited to, (1)  
4523 making such reports available through various media sources  
4524 throughout the summer months each year, (2) producing such reports  
4525 in a consumer-friendly fashion, and (3) developing a plan to promote  
4526 and inform the public regarding such reports. The department shall  
4527 report such recommendations to the joint standing committee of the  
4528 General Assembly having cognizance of matters relating to energy not  
4529 later than February 1, 2008.

4530 (b) The department's recommendations developed pursuant to  
4531 subsection (a) of this section shall include, but not be limited to, the  
4532 proposed design of a real-time energy report that will (1) identify the  
4533 state's current real-time energy demand, along with how the demand  
4534 has changed over the course of the day, and in the case of television  
4535 news broadcasts, the real-time change between the beginning and end  
4536 of the broadcast; (2) emphasize the importance of reducing peak  
4537 demand and provide estimates of the money leaving the state and  
4538 country because of our dependence on fossil fuels; and (3) provide tips  
4539 on conservation measures, promote community and business  
4540 competition to reduce energy consumption and give visibility to

4541 communities and businesses that have implemented energy saving  
4542 changes or that are using renewable resources.

4543 (c) The department shall get the information needed to develop the  
4544 real-time energy reports established pursuant to subsection (b) of this  
4545 section from the regional independent system operator.

4546 Sec. 106. (NEW) (*Effective from passage*) On or before October 1, 2007,  
4547 the Department of Public Utility Control shall determine a procedure  
4548 for electric distribution companies, municipal electric utilities and  
4549 municipal electric energy cooperatives to notify retail customers of a  
4550 capacity deficiency situation and the potential for said companies,  
4551 municipal utilities or energy cooperatives to take emergency actions,  
4552 which will encourage the customers to reduce electricity use  
4553 voluntarily to help reduce the capacity deficiency. On or before  
4554 February 1, 2008, each electric distribution company, municipal utility  
4555 or municipal electric energy cooperative shall submit a proposed  
4556 customer notification procedure to the department for the  
4557 department's consideration. Each company's, utility's or cooperative's  
4558 costs related to such procedure and notification shall be recoverable as  
4559 federally mandated congestion charges.

4560 Sec. 107. (*Effective July 1, 2007*) (a) For the purposes described in  
4561 subsection (b) of this section, the State Bond Commission shall have  
4562 the power, from time to time, to authorize the issuance of bonds of the  
4563 state in one or more series and in principal amounts not exceeding in  
4564 the aggregate fifty million dollars.

4565 (b) The proceeds of the sale of said bonds, to the extent of the  
4566 amount stated in subsection (a) of this section, shall be used by  
4567 Connecticut Innovations, Incorporated, for the purpose of providing  
4568 grants-in-aid pursuant to section 108 of this act.

4569 (c) All provisions of section 3-20 of the general statutes, or the  
4570 exercise of any right or power granted thereby, which are not  
4571 inconsistent with the provisions of this section are hereby adopted and  
4572 shall apply to all bonds authorized by the State Bond Commission

4573 pursuant to this section, and temporary notes in anticipation of the  
4574 money to be derived from the sale of any such bonds so authorized  
4575 may be issued in accordance with said section 3-20 and from time to  
4576 time renewed. Such bonds shall mature at such time or times not  
4577 exceeding twenty years from their respective dates as may be provided  
4578 in or pursuant to the resolution or resolutions of the State Bond  
4579 Commission authorizing such bonds. None of said bonds shall be  
4580 authorized except upon a finding by the State Bond Commission that  
4581 there has been filed with it a request for such authorization which is  
4582 signed by or on behalf of the Secretary of the Office of Policy and  
4583 Management and states such terms and conditions as said commission,  
4584 in its discretion, may require. Said bonds issued pursuant to this  
4585 section shall be general obligations of the state and the full faith and  
4586 credit of the state of Connecticut are pledged for the payment of the  
4587 principal of and interest on said bonds as the same become due, and  
4588 accordingly and as part of the contract of the state with the holders of  
4589 said bonds, appropriation of all amounts necessary for punctual  
4590 payment of such principal and interest is hereby made, and the State  
4591 Treasurer shall pay such principal and interest as the same become  
4592 due.

4593 Sec. 108. (NEW) (*Effective from passage*) (a) There is established an  
4594 account to be known as the "municipal renewable energy and efficient  
4595 energy generation grant account", which shall be a separate,  
4596 nonlapsing account within the Renewable Energy Investment Fund,  
4597 established pursuant to section 16-245n of the general statutes, as  
4598 amended by this act. The account shall contain any moneys required or  
4599 permitted by law to be deposited in the account and any funds  
4600 received from any public or private contributions, gifts, grants,  
4601 donations, bequests or devises to the fund. Connecticut Innovations,  
4602 Incorporated, may make grants-in-aid from the fund in accordance  
4603 with the provisions of subsection (b) of this section.

4604 (b) Connecticut Innovations, Incorporated, in consultation with the  
4605 Department of Public Utility Control, the Department of Education  
4606 and the Department of Emergency Management and Homeland

4607 Security, shall establish a municipal renewable energy and efficient  
4608 energy generation grant program. Connecticut Innovations,  
4609 Incorporated, shall make grants under said program to municipalities  
4610 for the purchase of (1) renewable energy sources, including solar  
4611 energy, geothermal energy and fuel cells or other energy-efficient  
4612 hydrogen-fueled energy, or (2) energy-efficient generation sources,  
4613 including units providing combined heat-and-power operations with  
4614 greater than sixty-five per cent efficiency or such higher efficiency level  
4615 as Connecticut Innovations, Incorporated, may prescribe, for  
4616 municipal buildings. Connecticut Innovations, Incorporated, shall give  
4617 priority to applications for grants for disaster relief centers and high  
4618 schools. Each grant shall be in an amount that makes the cost of  
4619 purchasing and operating the renewable energy or energy-efficient  
4620 generation source competitive with the municipality's current  
4621 electricity expenses.

4622 (c) On or before October 1, 2007, Connecticut Innovations,  
4623 Incorporated, shall develop an application for grants-in-aid under this  
4624 section for the purpose of purchasing and operating renewable energy  
4625 or energy-efficient generation sources and may receive applications  
4626 from municipalities for such grants-in-aid on and after said date.  
4627 Applications shall include, but not be limited to, a complete  
4628 description of the proposed renewable energy or energy-efficient  
4629 generation source.

4630 (d) Commencing with the fiscal year ending June 30, 2008, and for  
4631 each of the five consecutive fiscal years thereafter, until the fiscal year  
4632 ending June 30, 2012, not less than ten million dollars shall be available  
4633 from the municipal renewable energy and efficient energy generation  
4634 grant account for grants-in-aid to municipalities for the purpose of  
4635 purchasing and operating renewable energy or energy-efficient  
4636 generation sources. Any balance of such amount not used for such  
4637 grants-in-aid during a fiscal year shall be carried forward for the fiscal  
4638 year next succeeding for such grants-in-aid.

4639 (e) On or before January 1, 2009, and annually thereafter, the

4640 Department of Public Utility Control shall report on the effectiveness  
4641 of said program to the joint standing committee of the General  
4642 Assembly having cognizance of matters relating to energy.

4643 Sec. 109. Section 16-244c of the general statutes is amended by  
4644 adding subsections (k) and (l) as follows (*Effective July 1, 2007*):

4645 (NEW) (k) (1) As used in this section:

4646 (A) "Participating electric supplier" means an electric supplier that is  
4647 licensed by the department to provide electric service, pursuant to this  
4648 subsection, to residential or small commercial customers.

4649 (B) "Residential customer" means a customer who is eligible for  
4650 standard service and who takes electric distribution-related service  
4651 from an electric distribution company pursuant to a residential tariff.

4652 (C) "Small commercial customer" means a customer who is eligible  
4653 for standard service and who takes electric distribution-related service  
4654 from an electric distribution company pursuant to a small commercial  
4655 tariff.

4656 (D) "Qualifying electric offer" means an offer to provide full  
4657 requirements commodity electric service and all other generation  
4658 related service to a residential or small commercial customer at a fixed  
4659 price per kilowatt hour for a term of not less than one year.

4660 (2) Electric distribution companies shall indicate to customers  
4661 initiating new service or reinitiating service following a change of  
4662 residence or business location that they have a choice of suppliers to  
4663 provide electric generation service. Electric distribution companies  
4664 shall direct customers expressing an interest in choosing a  
4665 participating electric supplier to the department's web site or toll-free  
4666 telephone number, to a participating electric supplier's web site or toll-  
4667 free telephone number, or to other publicly available information on  
4668 participating electric suppliers. The department shall not require any  
4669 additional efforts on behalf of participating electric suppliers by

4670 electric distribution companies.

4671 (3) Not later than August 1, 2007, the department shall establish  
4672 terms and conditions under which a participating electric supplier can  
4673 be included in the referral program described in subdivision (2) of this  
4674 subsection.

4675 (NEW) (l) (1) Each electric distribution company may offer to bill  
4676 customers on behalf of participating electric suppliers and to pay such  
4677 suppliers in a timely manner the amounts due such suppliers from  
4678 customers for generation services, less a percentage of such amounts  
4679 that reflects uncollectible bills and overdue payments. Each  
4680 participating electric supplier shall reimburse the electric distribution  
4681 companies for such program in full and in a timely manner under  
4682 terms and conditions approved by the department.

4683 (2) Participating electric suppliers may, at their own expense,  
4684 provide bill inserts advertising their services to provide electric  
4685 generation service to residential and small commercial customers to be  
4686 included by an electric distribution company in their customer's  
4687 monthly utility bill. Said inserts shall specify the rates that will pertain  
4688 to customers for the first year of service. Said rates shall reflect the  
4689 actual cost to provide such services, including the actual generation  
4690 rate and all additional charges and shall not contain any introductory  
4691 discounted price for a fixed number of months. Said inserts shall also  
4692 list a toll-free telephone number and web site for contacting the  
4693 supplier.

4694 Sec. 110. (NEW) (*Effective July 1, 2007*) The Commissioner of  
4695 Environmental Protection shall adopt regulations in accordance with  
4696 the provisions of chapter 54 of the general statutes to establish a carbon  
4697 cap and trade program that will limit and then reduce the total carbon  
4698 emissions released by electric generating units or other units located in  
4699 Connecticut in accordance with the Regional Greenhouse Gas Initiative  
4700 Memorandum of Understanding, as may be amended. The  
4701 Department of Environmental Protection, in consultation with the

4702 Department of Public Utility Control, shall auction all emissions  
4703 allowances and invest the proceeds on behalf of electric ratepayers in  
4704 energy conservation and load management programs and may also  
4705 invest proceeds in new Class I renewable energy generation or  
4706 combined heat and power if the Commissioner of Environmental  
4707 Protection determines such investments will yield greenhouse gas  
4708 emission reductions at equal or lesser cost per ton than additional  
4709 investments in conservation. A contractor or trustee shall auction  
4710 allowances under the oversight of the Department of Environmental  
4711 Protection, in consultation with the Department of Public Utility  
4712 Control. The Department of Environmental Protection may make  
4713 provision for the payment of reasonable Regional Greenhouse Gas  
4714 Initiative administrative costs and fund assessment and planning of  
4715 measures to reduce emissions and mitigate the impacts of climate  
4716 change and may initiate rulemaking to allow for recovery of costs  
4717 directly attributable to the auction of allowances before December 31,  
4718 2011, for power plants included in the Regional Greenhouse Gas  
4719 Initiative Program that had long-term contracts for electric output in  
4720 effect before December 20, 2005, from allowance proceeds not to  
4721 exceed ten per cent of the total projected allowance value. (1) A de  
4722 minimus portion of the allowances may be set aside to support the  
4723 voluntary renewable energy provisions of the Regional Greenhouse  
4724 Gas Initiative model rule. (2) Any allowances or allowance value  
4725 allocated to the electric distribution companies on behalf of consumers  
4726 or investments in increased efficiency shall be incorporated into the  
4727 planning and procurement process in section 55 of this act.

4728 Sec. 111. (NEW) (*Effective July 1, 2007*) Competitive electric suppliers  
4729 and aggregators may provide time-of-use pricing options to all  
4730 customer classes. These pricing options may include, but not be  
4731 limited to, hourly or real-time pricing options.

4732 Sec. 112. (NEW) (*Effective from passage*) (a) Notwithstanding any  
4733 provisions of the general statutes, the Office of Policy and  
4734 Management, in consultation with the Department of Public Works,  
4735 shall develop a strategic plan to improve the management of energy

4736 use in state facilities. Such plan shall include, but not be limited to, a  
4737 detailed description of the manner in which initiatives that make  
4738 investments in energy efficiency, demand and load response,  
4739 distributed generation, renewable energy and combined heat and  
4740 power will be implemented.

4741 (b) On or before January 1, 2008, the Office of Policy and  
4742 Management shall file such strategic plan with the joint standing  
4743 committees of the General Assembly having cognizance of matters  
4744 relating to appropriations and energy. Beginning on January 1, 2009,  
4745 and every six months thereafter, the Office of Policy and Management  
4746 shall file implementation status reports with said joint standing  
4747 committees.

4748 (c) To carry out the purposes of this section, the Office of Policy and  
4749 Management may perform all acts necessary for the negotiation,  
4750 execution and administration of any contract that is reasonably  
4751 incidental to and furthers the needs of the state and the purposes of  
4752 this section. The Office of Policy and Management may also retain the  
4753 services of a third party entity possessing the requisite managerial,  
4754 technical and financial capacity, to perform some or all of the duties  
4755 necessary to implement the provisions of said plan.

4756 (d) Any costs incurred by the state in complying with the provisions  
4757 of this section shall be paid from annual state appropriations.

4758 Sec. 113. (NEW) (*Effective July 1, 2007*) Not later than September 1,  
4759 2008, the Department of Public Utility Control shall initiate a contested  
4760 case proceeding to review the performance of specific metering  
4761 technology in a meter test or system test conducted by an electric  
4762 distribution company within its service territory voluntarily or  
4763 pursuant to the department's decision in docket number 05-10-03. The  
4764 department shall analyze such performance for cost-effectiveness for  
4765 commercial customers with an average monthly demand of less than  
4766 three hundred fifty kilowatts and residential customers and account in  
4767 such analysis for any stranded investment in existing metering

4768 technology and report its findings to the joint standing committee of  
4769 the General Assembly having cognizance of matters relating to energy  
4770 and the subcommittee with cognizance of matters relating to results-  
4771 based accountability of the joint standing committee of the General  
4772 Assembly having cognizance of matters relating to appropriations on  
4773 or before January 1, 2009. If the department finds the installation of  
4774 specific metering technology for commercial customers with an  
4775 average monthly demand of less than three hundred fifty kilowatts  
4776 and residential customers to be cost-effective and in the best interest of  
4777 such customers, it may direct the electric distribution company that is  
4778 the subject of the department's docket 05-10-03 to install such metering  
4779 technology throughout its service territory to such customers,  
4780 provided in no case shall the department direct such company to  
4781 complete such installation before December 31, 2011.

4782 Sec. 114. (*Effective from passage*) (a) The sum of two million five  
4783 hundred thousand dollars is appropriated to the Office of Policy and  
4784 Management, from the General Fund, for the fiscal year ending June  
4785 30, 2007, for the purpose of implementing the clean-slate program  
4786 pursuant to section 95 of this act.

4787 (b) The sum of one million seven hundred fifty thousand dollars is  
4788 appropriated to the Office of Policy and Management, from the  
4789 General Fund, for the fiscal year ending June 30, 2007, for the purpose  
4790 of expanding Operation Fuel, Incorporated, pursuant to section 16a-  
4791 41h of the general statutes, as amended by this act.

4792 (c) The sum of seven hundred fifty thousand dollars is appropriated  
4793 to the Office of Policy and Management, from the General Fund, for  
4794 the fiscal year ending June 30, 2007, for Operation Fuel, Incorporated's  
4795 infrastructure, technology support and case management services  
4796 pursuant to section 16a-41h of the general statutes, as amended by this  
4797 act."

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>	PA 05-2 of the October 25 Sp. Sess., Sec. 6
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>October 1, 2007</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>October 1, 2007</i>	16-32g
Sec. 8	<i>October 1, 2007</i>	16-19e(a)
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>January 1, 2008</i>	16a-38k
Sec. 12	<i>October 1, 2007</i>	16-243m(i)
Sec. 13	<i>October 1, 2007</i>	16a-48
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	16-245l(a)
Sec. 16	<i>July 1, 2007</i>	New section
Sec. 17	<i>from passage</i>	16-245n(c)
Sec. 18	<i>October 1, 2007</i>	4a-67c
Sec. 19	<i>from passage</i>	New section
Sec. 20	<i>July 1, 2007</i>	16-243r
Sec. 21	<i>January 1, 2008</i>	New section
Sec. 22	<i>January 1, 2008</i>	12-412(110)
Sec. 23	<i>from passage</i>	New section
Sec. 24	<i>from passage</i>	New section
Sec. 25	<i>from passage</i>	New section
Sec. 26	<i>from passage</i>	New section
Sec. 27	<i>from passage</i>	New section
Sec. 28	<i>from passage</i>	New section
Sec. 29	<i>from passage</i>	New section
Sec. 30	<i>from passage</i>	New section
Sec. 31	<i>from passage</i>	New section
Sec. 32	<i>from passage</i>	New section
Sec. 33	<i>from passage</i>	New section
Sec. 34	<i>from passage</i>	New section
Sec. 35	<i>from passage</i>	New section
Sec. 36	<i>from passage</i>	New section
Sec. 37	<i>from passage</i>	New section
Sec. 38	<i>from passage</i>	New section
Sec. 39	<i>October 1, 2007</i>	16-243a(b)

Sec. 40	<i>October 1, 2007</i>	16-243a
Sec. 41	<i>October 1, 2007</i>	16-245n(a)
Sec. 42	<i>October 1, 2007</i>	16-243h
Sec. 43	<i>October 1, 2007</i>	16-245a
Sec. 44	<i>July 1, 2007</i>	New section
Sec. 45	<i>from passage</i>	New section
Sec. 46	<i>October 1, 2007</i>	16-243q
Sec. 47	<i>from passage</i>	16-1(a)(44)
Sec. 48	<i>October 1, 2007</i>	22a-6(a)
Sec. 49	<i>October 1, 2007</i>	16-243i
Sec. 50	<i>October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	12-81(57)
Sec. 51	<i>October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007</i>	12-81(63)
Sec. 52	<i>from passage</i>	20-340
Sec. 53	<i>from passage</i>	16-244c
Sec. 54	<i>from passage</i>	New section
Sec. 55	<i>from passage</i>	New section
Sec. 56	<i>from passage</i>	New section
Sec. 57	<i>from passage</i>	16a-3
Sec. 58	<i>from passage</i>	New section
Sec. 59	<i>July 1, 2007</i>	New section
Sec. 60	<i>July 1, 2007</i>	New section
Sec. 61	<i>July 1, 2007</i>	16a-7c
Sec. 62	<i>July 1, 2007</i>	16a-7c(b)
Sec. 63	<i>July 1, 2007</i>	16-50l(a)(2)
Sec. 64	<i>from passage</i>	New section
Sec. 65	<i>July 1, 2007</i>	New section
Sec. 66	<i>from passage</i>	13a-126
Sec. 67	<i>July 1, 2007</i>	New section
Sec. 68	<i>October 1, 2007</i>	16-2(e)
Sec. 69	<i>July 1, 2007</i>	New section
Sec. 70	<i>from passage</i>	New section
Sec. 71	<i>October 1, 2007</i>	New section
Sec. 72	<i>July 1, 2007</i>	New section
Sec. 73	<i>July 1, 2007</i>	New section
Sec. 74	<i>October 1, 2007</i>	16-50k(a)

Sec. 75	<i>July 1, 2007</i>	16-244e(a)(6)
Sec. 76	<i>July 1, 2007</i>	16-19ss
Sec. 77	<i>July 1, 2007</i>	PA 05-2 of the October 25 Sp. Sess., Sec. 1
Sec. 78	<i>July 1, 2007</i>	16a-41a
Sec. 79	<i>October 1, 2007</i>	16-262c
Sec. 80	<i>July 1, 2007, and applicable to sales occurring on or after July 1, 2007</i>	12-412
Sec. 81	<i>June 1, 2007</i>	12-412k
Sec. 82	<i>from passage</i>	New section
Sec. 83	<i>from passage</i>	16-245a
Sec. 84	<i>July 1, 2007</i>	12-635
Sec. 85	<i>July 1, 2007</i>	New section
Sec. 86	<i>October 1, 2007</i>	10a-180
Sec. 87	<i>from passage</i>	PA 05-2 of the October 25 Sp. Sess., Sec. 5
Sec. 88	<i>from passage</i>	16a-2
Sec. 89	<i>from passage</i>	16a-7b
Sec. 90	<i>October 1, 2007</i>	29-256a
Sec. 91	<i>from passage</i>	16-245e(a)
Sec. 92	<i>from passage</i>	16-245e
Sec. 93	<i>from passage</i>	16a-40b(b)
Sec. 94	<i>July 1, 2007</i>	New section
Sec. 95	<i>from passage</i>	New section
Sec. 96	<i>from passage</i>	16a-41h
Sec. 97	<i>from passage</i>	4a-67d
Sec. 98	<i>from passage</i>	New section
Sec. 99	<i>from passage</i>	New section
Sec. 100	<i>July 1, 2007</i>	New section
Sec. 101	<i>October 1, 2007</i>	New section
Sec. 102	<i>from passage</i>	16-243n(a)
Sec. 103	<i>from passage</i>	New section
Sec. 104	<i>July 1, 2007</i>	New section
Sec. 105	<i>from passage</i>	New section
Sec. 106	<i>from passage</i>	New section
Sec. 107	<i>July 1, 2007</i>	New section
Sec. 108	<i>from passage</i>	New section
Sec. 109	<i>July 1, 2007</i>	16-244c
Sec. 110	<i>July 1, 2007</i>	New section

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Sec. 111	<i>July 1, 2007</i>	New section
Sec. 112	<i>from passage</i>	New section
Sec. 113	<i>July 1, 2007</i>	New section
Sec. 114	<i>from passage</i>	New section