General Assembly **Amendment**

January Session, 2007 LCO No. **8486**

HB0709808486HD0

Offered by:

REP. FONTANA, 87th Dist.
REP. NARDELLO, 89th Dist.
REP. ABERCROMBIE, 83rd Dist.
REP. ALDARONDO, 75th Dist.
REP. ARESIMOWICZ, 30th Dist.
REP. AYALA, 128th Dist.
REP. BARTLETT, 2nd Dist.
REP. BOUKUS, 22nd Dist.
REP. BUTLER, 72nd Dist.
REP. CANDELARIA, 95th Dist.
REP. CARUSO, 126th Dist.
REP. CHRISTIANO, 134th Dist.
REP. FAWCETT, 133rd Dist.
REP. FLEISCHMANN, 18th Dist.
REP. GENGA, 10th Dist.
REP. GERAGOSIAN, 25th Dist.
REP. GONZALEZ, 3rd Dist.
REP. HAMM, 34th Dist.
REP. HENNESSY, 127th Dist.
REP. HEWETT, 39th Dist.
REP. HURLBURT, 53rd Dist.
REP. KEHOE, 31st Dist.
REP. LEWIS, 8th Dist.
REP. MCCLUSKEY, 20th Dist.
REP. MCMAHON, 15th Dist.
REP. MEGNA, 97th Dist.
REP. MERRILL, 54th Dist.
REP. MIOLI, 136th Dist.
REP. MORRIS, 140th Dist.
REP. MUSHINSKY, 85th Dist.
REP. NAFIS, 27th Dist.
REP. O'BRIEN, 24th Dist.
REP. OLSON, 46th Dist.
REP. ORANGE, 48th Dist.
REP. O'ROURKE, 32nd Dist.
REP. REYNOLDS, 42nd Dist.
REP. RITTER, 38th Dist.
REP. ROY, 119th Dist.
REP. RYAN, 139th Dist.
REP. SCHOFIELD, 16th Dist.
REP. SHAPIRO, 144th Dist.
REP. SHARKEY, 88th Dist.
REP. SPALLONE, 36th Dist.
REP. TABORSAK, 109th Dist.
REP. TALLARITA, 58th Dist.
REP. TERCYAK, 26th Dist.
REP. THOMPSON, 13th Dist.
REP. TONG, 147th Dist.
REP. TRUGLIA, 145th Dist.
REP. URBAN, 43rd Dist.
REP. VILLANO, 91st Dist.
REP. WALKER, 93rd Dist.
REP. WIDLITZ, 98th Dist.
REP. WILLIS, 64th Dist.
REP. WRIGHT, 41st Dist.
REP. ZALASKI, 81st Dist.

To: Subst. House Bill No. **7098** File No. 863 Cal. No. 198

"AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE."

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

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

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

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

The State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate five million dollars <u>per year</u>. The proceeds of the sale of said bonds shall be 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**]** <u>six hundred</u> volts or less; (B) is
340 between **[**14**]** <u>fourteen</u> kilovolt-amperes and **[**2,501**]** <u>two thousand five</u>
341 <u>hundred one</u> 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 16-245*l* 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, <u>as amended by this act,</u> 16-
888 19ss, <u>as amended by this act,</u> 16-32f, 16-50i, 16-50k, <u>as amended by this</u>
889 <u>act,</u> 16-50x, 16-243i to 16-243q, inclusive, <u>as amended by this act,</u> 16-
890 244c, <u>as amended by this act,</u> 16-244e, <u>as amended by this act,</u> 16-245d,
891 16-245m, 16-245n, <u>as amended by this act,</u> 16-245z and 16-262i and
892 section 21 of public act 05-1 of the June special session*, apply to <u>new</u>
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 <u>shall also apply to customer-side distributed</u>
896 <u>resources and grid-side distributed resources developed in this state</u>
897 <u>before January 1, 2007, that (1) have undergone upgrades that increase</u>
898 <u>the resource's thermal efficiency operating level by no fewer than ten</u>
899 <u>percentage points or, for resources that have a thermal efficiency level</u>
900 <u>of at least seventy per cent, have undergone upgrades that increase the</u>

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 <u>in accordance with the</u>
1478 <u>regulations adopted pursuant to subsection (h) of this section</u>
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<u>,</u> 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 <u>photovoltaic energy, solar thermal</u> energy, wind, ocean thermal
1525 energy, wave or tidal energy, fuel cells, landfill gas, <u>hydropower that</u>
1526 <u>meets the low-impact standards of the Low-Impact Hydropower</u>
1527 <u>Institute,</u> hydrogen production and hydrogen conversion technologies,
1528 low emission advanced biomass conversion technologies, <u>alternative</u>

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 16-245*l* 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 <u>sources</u> 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) <u>in consultation with</u>
1948 <u>affected town and watershed organizations, enter into a lease</u>
1949 <u>agreement with a private entity owning a facility constructed on or</u>
1950 <u>before January 1, 2007, to allow the private entity to generate</u>
1951 <u>hydroelectricity provided the project meets the certification standards</u>
1952 <u>of the Low Impact Hydropower Institute; (11)</u> 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. (NEW) (*Effective July 1, 2007*) (a) For purposes of this section:
1994 (1) "Connecticut electric efficiency partner program" means the
1995 coordinated effort among the Department of Public Utility Control,
1996 persons and entities providing enhanced demand-side management
1997 technologies and electric consumers to conserve electricity and reduce
1998 demand in Connecticut through the purchase and deployment of
1999 energy efficient technologies; (2) "enhanced demand-side management
2000 technologies" means demand-side management solutions, customer-
2001 side Class I renewable energy generation, load shifting technologies
2002 and conservation and load management technologies that reduce
2003 electric distribution company customers' electric demand; and (3)
2004 "Connecticut electric efficiency partner" means an electric distribution
2005 company customer who acquires an enhanced demand-side
2006 management technology or a person, other than an electric distribution
2007 company, that provides enhanced demand-side management
2008 technologies to electric distribution company customers.

2009 (b) The Energy Conservation Management Board, in consultation
2010 with the Renewable Energy Investments Advisory Committee, shall
2011 evaluate and approve enhanced demand-side management
2012 technologies that can be deployed by Connecticut electric efficiency
2013 partners to reduce electric distribution company customers' electric
2014 demand. Such evaluation shall include an examination of the potential
2015 to reduce customers' demand, federally mandated congestion charges
2016 and other electric costs. On or before October 15, 2007, the Energy
2017 Conservation Management Board shall file such evaluation with the
2018 Department of Public Utility Control.

2019 (c) On or before October 15, 2007, the Department of Public Utility
2020 Control and Connecticut Innovations Incorporated, as administrator of
2021 the Renewable Energy Investment Fund, shall enter into a
2022 memorandum of understanding to establish procedures for the fund to
2023 assist the department in developing and implementing the Connecticut
2024 Energy Efficiency Partnership program by providing technical review
2025 and analysis of customer-side renewable energy projects filed with the
2026 department pursuant to this section.

2027 (d) On or before October 15, 2007, the Energy Conservation
2028 Management Board shall file with the department an analysis of the
2029 state's electric demand, peak electric demand and growth forecasts for
2030 electric demand and peak electric demand. Such analysis shall identify
2031 the principal drivers of electric demand and peak electric demand,
2032 associated electric charges tied to electric demand and peak electric
2033 demand growth, including, but not limited to, federally mandated
2034 congestion charges and other electric costs, and any other information
2035 the department deems appropriate. The analysis shall include, but not
2036 be limited to, an evaluation of the costs and benefits of the enhanced
2037 demand-side management technologies approved pursuant to
2038 subsection (b) of this section and establishing suggested funding levels
2039 for said individual technologies.

2040 (e) Commencing April 1, 2008, a certified Connecticut electric
2041 efficiency partner may only receive funding if selected in a request for
2042 proposal developed, issued and evaluated by the department. The
2043 department shall not approve an enhanced demand-side technology
2044 pursuant to this section that is already being offered to customers
2045 through the Conservation and Load Management Fund or through
2046 other programs funded by ratepayers. In evaluating a proposal, the
2047 department shall consider the potential to reduce customers' electric
2048 demand, including peak electric demand, and associated electric
2049 charges tied to electric demand and peak electric demand growth,
2050 including, but not limited to, federally mandated congestion charges
2051 and other electric costs, and shall utilize a cost benefit test established
2052 pursuant to subsection (c) of this section to rank responses for
2053 selection. Such proposal shall include the technologies that the
2054 applicant shall purchase or provide and that have been approved
2055 pursuant to subsection (d) of this section and a description of the
2056 application of those technologies to be funded as part of the
2057 Connecticut electric efficiency partner program and shall include a
2058 request for a license as a Connecticut electric efficiency partner. In
2059 evaluating the proposal, the department shall (1) consider the
2060 applicant's potential to reduce customers' electric demand, including

2061 peak electric demand, and associated electric charges tied to electric
2062 demand and peak electric demand growth, (2) consider the electric
2063 distribution companies' evaluation of the payback ratio of customer
2064 benefits to investment and cost-effectiveness of the projects proposed
2065 in the proposal, (3) determine the portion of the total cost of each
2066 project that shall be paid for by the customer that is participating in
2067 this program and the portion of the total cost of each project that shall
2068 be paid for by all electric ratepayers and collected pursuant to the
2069 provisions of this subsection, provided that at least fifty per cent of the
2070 cost shall be paid for by the participating customer and that ratepayer
2071 funding shall not exceed the limits of cost-effectiveness. In making
2072 such determination, the department shall ensure that all ratepayer
2073 investments are cost-effective and maintain a minimum two-to-one
2074 payback ratio of customer benefits of investment, and (4) specify that
2075 participating Connecticut electric efficiency partners shall maintain the
2076 technology for a period sufficient to achieve such investment payback
2077 ratio and provide for repayment of a portion of customer contribution
2078 if the technology is not so maintained. The projects funded under this
2079 section shall not exceed sixty million dollars in total investment per
2080 year, with no more than five million dollars of ratepayer funding per
2081 year received by any individual electric efficiency partner. Not less
2082 than seventy-five per cent of such annual ratepayer investment shall be
2083 used for the technologies themselves. No person shall receive electric
2084 ratepayer funding without having been approved by the department.
2085 The department may license an applicant if it possesses and
2086 demonstrates adequate financial resources, managerial ability and
2087 technical competency. The department shall not approve an enhanced
2088 demand-side technology pursuant to this section that is already being
2089 offered to customers through the Conservation and Load Management
2090 Fund or through other programs funded by ratepayers.

2091 (f) The department may retain the services of a third-party entity
2092 with expertise in areas such as demand-side management solutions,
2093 customer-side renewable energy generation, customer-side distributed
2094 generation resources, load shifting technologies and conservation and

2095 load management investments to assist in the development and
2096 operation of the Connecticut electric efficiency partner program. The
2097 costs for obtaining third-party services pursuant to this subsection
2098 shall be recoverable through the systems benefits charge.

2099 (g) The department shall develop a long-term low-interest loan
2100 program to assist certified Connecticut electric efficiency partners in
2101 financing the customer portion of the capital costs of approved
2102 enhanced demand-side management technologies. The department
2103 may establish such financing mechanism by using one or more of the
2104 following strategies: (1) Modifying the existing long-term customer-
2105 side distributed generation financing mechanism established pursuant
2106 to section 16-243j of the general statutes, (2) negotiating and entering
2107 into an agreement with the Connecticut Development Authority to
2108 establish a credit facility or to utilize grants, loans or loan guarantees
2109 for the purposes of this section upon such terms and conditions as the
2110 authority may prescribe including provisions regarding the rights and
2111 remedies available to the authority in case of default, or (3) selecting by
2112 competitive bid one or more entities that can provide such long-term
2113 financing.

2114 (h) The department shall provide for the payment of the electric
2115 ratepayers' portion of the costs of deploying enhanced demand-side
2116 management technologies by implementing a contractual financing
2117 agreement with the Connecticut Development Authority or a private
2118 financing entity selected through an appropriate open competitive
2119 selection process. Any electric ratepayer costs resulting from such
2120 financing agreement shall be recovered from all electric ratepayers
2121 through the systems benefits charge.

2122 (i) On or before February 1, 2009, and annually thereafter, the
2123 department shall report to the joint standing committee of the General
2124 Assembly having cognizance of matters relating to energy and the
2125 subcommittee with cognizance of matters relating to results-based
2126 accountability of the joint standing committee of the General Assembly
2127 having cognizance of matters relating to appropriations regarding the

2128 cost-effectiveness, including lower peak electricity usage per capita, of
2129 the Connecticut electric efficiency partner program established
2130 pursuant to this section. Said report shall include, but not be limited to,
2131 an accounting of all benefits and costs to ratepayers, a description of
2132 the approved technologies, the payback ratio of all investments, the
2133 number of programs deployed and a list of proposed projects
2134 compared to approved projects and reasons for not being approved.

2135 (j) The electric distribution companies shall recover all prudently
2136 incurred costs, including a return of and on any prudent investment, in
2137 connection with the electric efficiency partner program through the
2138 systems benefit charge pursuant to section 16-245*l* of the general
2139 statutes.

2140 Sec. 50. Subdivision (57) of section 12-81 of the general statutes is
2141 repealed and the following is substituted in lieu thereof (*Effective*
2142 *October 1, 2007, and applicable to assessment years commencing on or after*
2143 *October 1, 2007*):

2144 (57) (a) **[**Subject to authorization of the exemption by ordinance in
2145 any municipality, any**]** Any Class I renewable energy source, as
2146 defined in section 16-1, as amended by this act, or any hydropower
2147 facility described in subdivision (27) of said section 16-1, installed for
2148 the generation of electricity for private residential use, provided such
2149 installation occurs on or after October 1, 1977, and further provided
2150 such installation is for a single family dwelling or multifamily
2151 dwelling consisting of two to four units, or any passive or active solar
2152 water or space heating system or geothermal energy resource;

2153 (b) Any person claiming the exemption provided in this subdivision
2154 for any assessment year shall, on or before the first day of November
2155 in such assessment year, file with the assessor or board of assessors in
2156 the town in which such hydropower facility, Class I renewable energy
2157 source, or passive or active solar water or space heating system or
2158 geothermal energy resource is located, written application claiming
2159 such exemption. Failure to file such application in the manner and

2160 form as provided by such assessor or board within the time limit
2161 prescribed shall constitute a waiver of the right to such exemption for
2162 such assessment year. Such application shall not be required for any
2163 assessment year following that for which the initial application is filed,
2164 provided if such hydropower facility, Class I renewable energy source,
2165 or passive or active solar water or space heating system or geothermal
2166 energy resource is altered in a manner which would require a building
2167 permit, such alteration shall be deemed a waiver of the right to such
2168 exemption until a new application, applicable with respect to such
2169 altered source, is filed and the right to such exemption is established as
2170 required initially.

2171 Sec. 51. Subdivision (63) of section 12-81 of the general statutes is
2172 repealed and the following is substituted in lieu thereof (*Effective*
2173 *October 1, 2007, and applicable to assessment years commencing on or after*
2174 *October 1, 2007*):

2175 (63) (a) Subject to authorization of the exemption by ordinance in
2176 any municipality and to the provisions of subparagraph (b) of this
2177 subdivision, **[**any solar energy electricity generating system which is
2178 not eligible for exemption under subdivision (57) of this section,**]** any
2179 cogeneration system **[**, or both,**]** installed on or after July 1, 1981. **[**,and
2180 before October 1, 2006.**]** The ordinance shall establish the number of
2181 years that a system will be exempt from taxation, except that it may
2182 not provide for an exemption beyond the first fifteen assessment years
2183 following the installation of a system. The ordinance shall prohibit the
2184 exemption from applying to additions to resources recovery facilities
2185 operating on October 1, 1994, or to resources recovery facilities
2186 constructed on and after that date and may prohibit the exemption
2187 from applying to property acquired by eminent domain for the
2188 purpose of qualifying for the exemption;

2189 (b) As used in this subdivision, **[**(A) "solar energy electricity
2190 generating system" means equipment which is designed, operated and
2191 installed as a system which utilizes solar energy as the energy source
2192 for at least seventy-five per cent of the electricity produced by the

2193 system and meets the standards established by regulation, in
2194 accordance with the provisions of chapter 54, by the Secretary of the
2195 Office of Policy and Management, and (B)**]** "cogeneration system"
2196 means equipment which is designed, operated and installed as a
2197 system which produces, in the same process, electricity and exhaust
2198 steam, waste steam, heat or other resultant thermal energy which is
2199 used for space or water heating or cooling, industrial, commercial,
2200 manufacturing or other useful purposes and which meets standards
2201 established by regulation, in accordance with the provisions of chapter
2202 54, by the Secretary of the Office of Policy and Management;

2203 (c) Any municipality which adopts an ordinance authorizing an
2204 exemption provided by this subdivision may enter into a written
2205 agreement with an applicant for the exemption, which may require the
2206 applicant to make payments to the municipality in lieu of taxes. The
2207 agreement may vary the amount of the payments in lieu of taxes in
2208 each assessment year of the agreement, provided the payment in any
2209 assessment year is not greater than the taxes which would otherwise
2210 be due in the absence of the exemption. Any agreement negotiated
2211 under this subdivision shall be submitted to the legislative body of the
2212 municipality for its approval or rejection;

2213 (d) Any person claiming the exemption provided in this subdivision
2214 for any assessment year and whose application has been approved in
2215 accordance with subparagraph (c) of this subdivision shall, on or
2216 before the first day of November in such assessment year, file with the
2217 assessor or board of assessors in the town in which the system is
2218 located written application claiming the exemption. Failure to file the
2219 application in the manner and form as provided by such assessor or
2220 board within the time limit prescribed shall constitute a waiver of the
2221 right to the exemption for such assessment year. Such application shall
2222 not be required for any assessment year following that for which the
2223 initial application is filed, provided if such **[**solar energy electricity
2224 generating system or**]** cogeneration system is altered in a manner
2225 which would require a building permit, such alteration shall be
2226 deemed a waiver of the right to such exemption until a new

application, applicable with respect to such altered system, is filed and the right to such exemption is established as required initially.

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

The provisions of this chapter shall not apply to: (1) Persons employed by any federal, state or municipal agency; (2) employees of any public service company regulated by the Department of Public Utility Control or of any corporate affiliate of any such company when the work performed by such affiliate is on behalf of a public service company, but in either case only if the work performed is in connection with the rendition of public utility service, including the installation or maintenance of wire for community antenna television service, or is in connection with the installation or maintenance of wire or telephone sets for single-line telephone service located inside the premises of a consumer; (3) employees of any municipal corporation specially chartered by this state; (4) employees of any contractor while such contractor is performing electrical-line or emergency work for any public service company; (5) persons engaged in the installation, maintenance, repair and service of electrical or other appliances of a size customarily used for domestic use where such installation commences at an outlet receptacle or connection previously installed by persons licensed to do the same and maintenance, repair and service is confined to the appliance itself and its internal operation; (6) employees of industrial firms whose main duties concern the maintenance of the electrical work, plumbing and piping work, solar thermal work, heating, piping, cooling work, sheet metal work, elevator installation, repair and maintenance work, automotive glass work or flat glass work of such firm on its own premises or on premises leased by it for its own use; (7) employees of industrial firms when such employees' main duties concern the fabrication of glass products or electrical, plumbing and piping, fire protection sprinkler systems, solar, heating, piping, cooling, chemical piping, sheet metal or elevator installation, repair and maintenance equipment used in the production of goods sold by industrial firms, except for products,

2261 electrical, plumbing and piping systems and repair and maintenance
2262 equipment used directly in the production of a product for human
2263 consumption; (8) persons performing work necessary to the
2264 manufacture or repair of any apparatus, appliances, fixtures,
2265 equipment or devices produced by it for sale or lease; (9) employees of
2266 stage and theatrical companies performing the operation, installation
2267 and maintenance of electrical equipment if such installation
2268 commences at an outlet receptacle or connection previously installed
2269 by persons licensed to make such installation; (10) employees of
2270 carnivals, circuses or similar transient amusement shows who install
2271 electrical work, provided such installation shall be subject to the
2272 approval of the State Fire Marshal prior to use as otherwise provided
2273 by law and shall comply with applicable municipal ordinances and
2274 regulations; (11) persons engaged in the installation, maintenance,
2275 repair and service of glass or electrical, plumbing, fire protection
2276 sprinkler systems, solar, heating, piping, cooling and sheet metal
2277 equipment in and about single-family residences owned and occupied
2278 or to be occupied by such persons; provided any such installation,
2279 maintenance and repair shall be subject to inspection and approval by
2280 the building official of the municipality in which such residence is
2281 located and shall conform to the requirements of the State Building
2282 Code; (12) persons who install, maintain or repair glass in a motor
2283 vehicle owned or leased by such persons; (13) persons or entities
2284 holding themselves out to be retail sellers of glass products, but not
2285 such persons or entities that also engage in automotive glass work or
2286 flat glass work; (14) persons who install preglazed or preassembled
2287 windows or doors in residential or commercial buildings; (15) persons
2288 registered under chapter 400 who install safety-backed mirror
2289 products or repair or replace flat glass in sizes not greater than thirty
2290 square feet in residential buildings; **[**and**]** (16) sheet metal work
2291 performed in residential buildings consisting of six units or less by
2292 new home construction contractors registered pursuant to chapter
2293 399a, by home improvement contractors registered pursuant to chapter
2294 400 or by persons licensed pursuant to this chapter, when such work is
2295 limited to exhaust systems installed for hoods and fans in kitchens and

2296 baths, clothes dryer exhaust systems, radon vent systems, fireplaces,
2297 fireplace flues, masonry chimneys or prefabricated metal chimneys
2298 rated by the Underwriter's Laboratory or installation of stand-alone
2299 appliances including wood, pellet or other stand-alone stoves that are
2300 installed in residential buildings by such contractors or persons; and
2301 (17) employees of or any contractor employed by and under the
2302 direction of a properly licensed solar contractor, performing work
2303 limited to the hoisting, placement and anchoring of solar collectors,
2304 photovoltaic panels, towers or turbines.

2305 Sec. 53. Section 16-244c of the general statutes is repealed and the
2306 following is substituted in lieu thereof (*Effective from passage*):

2307 (a) (1) On and after January 1, 2000, each electric distribution
2308 company shall make available to all customers in its service area, the
2309 provision of electric generation and distribution services through a
2310 standard offer. Under the standard offer, a customer shall receive
2311 electric services at a rate established by the Department of Public
2312 Utility Control pursuant to subdivision (2) of this subsection. Each
2313 electric distribution company shall provide electric generation services
2314 in accordance with such option to any customer who affirmatively
2315 chooses to receive electric generation services pursuant to the standard
2316 offer or does not or is unable to arrange for or maintain electric
2317 generation services with an electric supplier. The standard offer shall
2318 automatically terminate on January 1, 2004. While providing electric
2319 generation services under the standard offer, an electric distribution
2320 company may provide electric generation services through any of its
2321 generation entities or affiliates, provided such entities or affiliates are
2322 licensed pursuant to section 16-245.

2323 (2) Not later than October 1, 1999, the Department of Public Utility
2324 Control shall establish the standard offer for each electric distribution
2325 company, effective January 1, 2000, which shall allocate the costs of
2326 such company among electric transmission and distribution services,
2327 electric generation services, the competitive transition assessment and
2328 the systems benefits charge. The department shall hold a hearing that

2329 shall be conducted as a contested case in accordance with chapter 54 to
2330 establish the standard offer. The standard offer shall provide that the
2331 total rate charged under the standard offer, including electric
2332 transmission and distribution services, the conservation and load
2333 management program charge described in section 16-245m, the
2334 renewable energy investment charge described in section 16-245n,
2335 electric generation services, the competitive transition assessment and
2336 the systems benefits charge shall be at least ten per cent less than the
2337 base rates, as defined in section 16-244a, in effect on December 31,
2338 1996. The standard offer shall be adjusted to the extent of any increase
2339 or decrease in state taxes attributable to sections 12-264 and 12-265 and
2340 any other increase or decrease in state or federal taxes resulting from a
2341 change in state or federal law and shall continue to be adjusted during
2342 such period pursuant to section 16-19b. Notwithstanding the
2343 provisions of section 16-19b, the provisions of said section 16-19b shall
2344 apply to electric distribution companies. The standard offer may be
2345 adjusted, by an increase or decrease, to the extent approved by the
2346 department, in the event that (A) the revenue requirements of the
2347 company are affected as the result of changes in (i) legislative
2348 enactments other than public act 98-28*, (ii) administrative
2349 requirements, or (iii) accounting standards occurring after July 1, 1998,
2350 provided such accounting standards are adopted by entities
2351 independent of the company that have authority to issue such
2352 standards, or (B) an electric distribution company incurs extraordinary
2353 and unanticipated expenses required for the provision of safe and
2354 reliable electric service to the extent necessary to provide such service.
2355 Savings attributable to a reduction in taxes shall not be shifted between
2356 customer classes.

2357 (3) The price reduction provided in subdivision (2) of this
2358 subsection shall not apply to customers who, on or after July 1, 1998,
2359 are purchasing electric services from an electric company or electric
2360 distribution company, as the case may be, under a special contract or
2361 flexible rate tariff, and the company's filed standard offer tariffs shall
2362 reflect that such customers shall not receive the standard offer price

2363 reduction.

2364 (b) (1) (A) On and after January 1, 2004, each electric distribution
2365 company shall make available to all customers in its service area, the
2366 provision of electric generation and distribution services through a
2367 transitional standard offer. Under the transitional standard offer, a
2368 customer shall receive electric services at a rate established by the
2369 Department of Public Utility Control pursuant to subdivision (2) of
2370 this subsection. Each electric distribution company shall provide
2371 electric generation services in accordance with such option to any
2372 customer who affirmatively chooses to receive electric generation
2373 services pursuant to the transitional standard offer or does not or is
2374 unable to arrange for or maintain electric generation services with an
2375 electric supplier. The transitional standard offer shall terminate on
2376 December 31, 2006. While providing electric generation services under
2377 the transitional standard offer, an electric distribution company may
2378 provide electric generation services through any of its generation
2379 entities or affiliates, provided such entities or affiliates are licensed
2380 pursuant to section 16-245.

2381 (B) The department shall conduct a proceeding to determine
2382 whether a practical, effective, and cost-effective process exists under
2383 which an electric customer, when initiating electric service, may
2384 receive information regarding selecting electric generating services
2385 from a qualified entity. The department shall complete such
2386 proceeding on or before December 1, 2005, and shall implement the
2387 resulting decision on or before March 1, 2006, or on such later date that
2388 the department considers appropriate. An electric distribution
2389 company's costs of participating in the proceeding and implementing
2390 the results of the department's decision shall be recoverable by the
2391 company as generation services costs through an adjustment
2392 mechanism as approved by the department.

2393 (2) (A) Not later than December 15, 2003, the Department of Public
2394 Utility Control shall establish the transitional standard offer for each
2395 electric distribution company, effective January 1, 2004.

2396 (B) The department shall hold a hearing that shall be conducted as a
2397 contested case in accordance with chapter 54 to establish the
2398 transitional standard offer. The transitional standard offer shall
2399 provide that the total rate charged under the transitional standard
2400 offer, including electric transmission and distribution services, the
2401 conservation and load management program charge described in
2402 section 16-245m, the renewable energy investment charge described in
2403 section 16-245n, electric generation services, the competitive transition
2404 assessment and the systems benefits charge, and excluding federally
2405 mandated congestion costs, shall not exceed the base rates, as defined
2406 in section 16-244a, in effect on December 31, 1996, excluding any rate
2407 reduction ordered by the department on September 26, 2002.

2408 (C) (i) Each electric distribution company shall, on or before January
2409 1, 2004, file with the department an application for an amendment of
2410 rates pursuant to section 16-19, which application shall include a four-
2411 year plan for the provision of electric transmission and distribution
2412 services. The department shall conduct a contested case proceeding
2413 pursuant to sections 16-19 and 16-19e, as amended by this act, to
2414 approve, reject or modify the application and plan. Upon the approval
2415 of such plan, as filed or as modified by the department, the department
2416 shall order that such plan shall establish the electric transmission and
2417 distribution services component of the transitional standard offer.

2418 (ii) Notwithstanding the provisions of this subparagraph, an electric
2419 distribution company that, on or after September 1, 2002, completed a
2420 proceeding pursuant to sections 16-19 and 16-19e, shall not be required
2421 to file an application for an amendment of rates as required by this
2422 subparagraph. The department shall establish the electric transmission
2423 and distribution services component of the transitional standard offer
2424 for any such company equal to the electric transmission and
2425 distribution services component of the standard offer established
2426 pursuant to subsection (a) of this section in effect on July 1, 2003, for
2427 such company. If such electric distribution company applies to the
2428 department, pursuant to section 16-19, for an amendment of its rates
2429 on or before December 31, 2006, the application of the electric

2430 distribution company shall include a four-year plan.

2431 (D) The transitional standard offer (i) shall be adjusted to the extent
2432 of any increase or decrease in state taxes attributable to sections 12-264
2433 and 12-265 and any other increase or decrease in state or federal taxes
2434 resulting from a change in state or federal law, (ii) shall be adjusted to
2435 provide for the cost of contracts under subdivision (2) of subsection (j)
2436 of this section and the administrative costs for the procurement of such
2437 contracts, and (iii) shall continue to be adjusted during such period
2438 pursuant to section 16-19b. Savings attributable to a reduction in taxes
2439 shall not be shifted between customer classes. Notwithstanding the
2440 provisions of section 16-19b, the provisions of section 16-19b shall
2441 apply to electric distribution companies.

2442 (E) The transitional standard offer may be adjusted, by an increase
2443 or decrease, to the extent approved by the department, in the event
2444 that (i) the revenue requirements of the company are affected as the
2445 result of changes in (I) legislative enactments other than public act 03-
2446 135* or public act 98-28*, (II) administrative requirements, or (III)
2447 accounting standards adopted after July 1, 2003, provided such
2448 accounting standards are adopted by entities that are independent of
2449 the company and have authority to issue such standards, or (ii) an
2450 electric distribution company incurs extraordinary and unanticipated
2451 expenses required for the provision of safe and reliable electric service
2452 to the extent necessary to provide such service.

2453 (3) The price provided in subdivision (2) of this subsection shall not
2454 apply to customers who, on or after July 1, 2003, purchase electric
2455 services from an electric company or electric distribution company, as
2456 the case may be, under a special contract or flexible rate tariff,
2457 provided the company's filed transitional standard offer tariffs shall
2458 reflect that such customers shall not receive the transitional standard
2459 offer price during the term of said contract or tariff.

2460 (4) (A) In addition to its costs received pursuant to subsection (h) of
2461 this section, as compensation for providing transitional standard offer

2462 service, each electric distribution company shall receive an amount
2463 equal to five-tenths of one mill per kilowatt hour. Revenues from such
2464 compensation shall not be included in calculating the electric
2465 distribution company's earnings for purposes of, or in determining
2466 whether its rates are just and reasonable under, sections 16-19, 16-19a
2467 and 16-19e, including an earnings sharing mechanism. In addition,
2468 each electric distribution company may earn compensation for
2469 mitigating the prices of the contracts for the provision of electric
2470 generation services, as provided in subdivision (2) of this subsection.

2471 (B) The department shall conduct a contested case proceeding
2472 pursuant to the provisions of chapter 54 to establish an incentive plan
2473 for the procurement of long-term contracts for transitional standard
2474 offer service by an electric distribution company. The incentive plan
2475 shall be based upon a comparison of the actual average firm full
2476 requirements service contract price for electricity obtained by the
2477 electric distribution company compared to the regional average firm
2478 full requirements service contract price for electricity, adjusted for such
2479 variables as the department deems appropriate, including, but not
2480 limited to, differences in locational marginal pricing. If the actual
2481 average firm full requirements service contract price obtained by the
2482 electric distribution company is less than the actual regional average
2483 firm full requirements service contract price for the previous year, the
2484 department shall split five-tenths of one mill per kilowatt hour equally
2485 between ratepayers and the company. Revenues from such incentive
2486 plan shall not be included in calculating the electric distribution
2487 company's earnings for purposes of, or in determining whether its
2488 rates are just and reasonable under sections 16-19, 16-19a and 16-19e.
2489 The department may, as it deems necessary, retain a third party entity
2490 with expertise in energy procurement to assist with the development
2491 of such incentive plan.

2492 (c) (1) On and after **[**January 1, 2007,**]** <u>the effective date of this</u>
2493 <u>section,</u> each electric distribution company shall provide electric
2494 generation services through standard service to any customer who (A)
2495 does not arrange for or is not receiving electric generation services

2496 from an electric supplier [,] and [(B) does not use a demand meter or]
2497 has a maximum demand of less than five hundred kilowatts, and (B) is
2498 a school district or municipality.

2499 (2) Not later than October 1, 2006, and [periodically as required by
2500 subdivision (3) of this subsection, but not more often than every
2501 calendar quarter] annually thereafter, the Department of Public Utility
2502 Control shall establish the standard service price for such customers
2503 pursuant to [subdivision (3) of] this subsection except the department
2504 may adjust the price more frequently if it determines that such
2505 adjustment would be in the best interest of ratepayers, but not more
2506 than once every six months. Each electric distribution company shall
2507 recover the actual net costs of procuring and providing electric
2508 generation services pursuant to this subsection, provided such
2509 company mitigates the costs it incurs for the procurement of electric
2510 generation services for customers who are no longer receiving service
2511 pursuant to this subsection.

2512 (3) On or before August 1, 2007, the electric distribution companies
2513 shall file with the Department of Public Utility Control a proposal to
2514 establish principles and standards that shall govern the manner in
2515 which the companies enter into, and the department reviews and
2516 grants approval to, bilateral contracts to provide standard service
2517 supply. The department, in consultation with the Office of Consumer
2518 Counsel, shall conduct a contested case proceeding to approve, modify
2519 or reject said proposal. No electric distribution company may initiate
2520 any bilateral negotiations for standard service contracts before the
2521 department's adoption of the principles and standards required
2522 pursuant to this section.

2523 [(3) An] (4) Until December 31, 2007, an electric distribution
2524 company providing electric generation services pursuant to this
2525 subsection shall mitigate the variation of the price of the service
2526 offered to its customers by procuring electric generation services
2527 contracts in the manner prescribed in a plan approved by the
2528 department. Such plan shall require the procurement of a portfolio of

2529 service contracts sufficient to meet the projected load of the electric
2530 distribution company. Such plan shall require that the portfolio of
2531 service contracts be procured in an overlapping pattern of fixed
2532 periods at such times and in such manner and duration as the
2533 department determines to be most likely to produce just, reasonable
2534 and reasonably stable retail rates while reflecting underlying
2535 wholesale market prices over time. The portfolio of contracts shall be
2536 assembled in such manner as to invite competition; guard against
2537 favoritism, improvidence, extravagance, fraud and corruption; and
2538 secure a reliable electricity supply while avoiding unusual, anomalous
2539 or excessive pricing. The portfolio of contracts procured under such
2540 plan shall be for terms of not less than six months, provided contracts
2541 for shorter periods may be procured under such conditions as the
2542 department shall prescribe to (A) ensure for end-use customers the
2543 lowest rates possible, [for end-use customers] giving due consideration
2544 to risk and amount of volatility in the overall rates; (B) ensure reliable
2545 service under extraordinary circumstances; and (C) ensure the prudent
2546 management of the contract portfolio. An electric distribution
2547 company may receive a bid for an electric generation services contract
2548 from any of its generation entities or affiliates, provided such
2549 generation entity or affiliate submits its bid the business day preceding
2550 the first day on which an unaffiliated electric supplier may submit its
2551 bid and further provided the electric distribution company and the
2552 generation entity or affiliate are in compliance with the code of
2553 conduct established in section 16-244h.

2554 [(4) The] (5) On and after January 1, 2008, an electric distribution
2555 company providing electric generation services pursuant to this
2556 subsection shall mitigate the variation of the price of the service
2557 offered to its customers by procuring electric generation services in the
2558 manner prescribed in a standard service procurement plan approved
2559 by the department. Such plan shall be consistent with the resource
2560 procurement plan approved pursuant to section 55 of this act, when
2561 available, and shall specify the method for purchasing power for
2562 standard service, and may require the electric distribution company to

2563 (A) procure load following, full requirements service contracts in a
2564 manner similar to that pursuant to subdivision (3) of this subsection;
2565 (B) procure individual electric supply components directly from a
2566 supplier, or generator, including, but not limited to, base load,
2567 intermediate and peaking energy resource, capacity and other power
2568 supply services, using both requests for proposals and bilateral
2569 contracts outside the request for proposal process; and (C) procure
2570 physical and financial hedges to manage prices, including, but not
2571 limited to, tolling arrangements and financial transmission rights. Such
2572 plan shall describe how an electric distribution company shall, over
2573 time, transition to its new supply aggregation role as described in this
2574 section from the current method of procuring power supply pursuant
2575 to subdivision (4) of this subsection to a mix of the procurement
2576 options described in this section. Once its procurement plan has been
2577 approved by the department, an electric distribution company shall be
2578 allowed to manage the power supply portfolio on a real-time basis,
2579 thereby enabling it to optimize supply for the benefit of customers. The
2580 department shall set standard service rates annually by combining the
2581 costs of the arrangements undertaken under the procurement plan,
2582 provided such rates will be trued up to actual revenues and expenses
2583 twice per year, with any over or under recovery being included in
2584 either the current period or subsequent standard service rate, as
2585 determined by the department. An electric distribution company shall
2586 be entitled to collect the reasonable costs it incurs to provide such
2587 service.

2588 (6) In approving the plans pursuant to subdivisions (4) and (5) of
2589 this subsection, the department, in consultation with the Office of
2590 Consumer Counsel, shall retain the services of a third-party entity with
2591 expertise in the area of energy procurement to oversee the initial
2592 development of the request for proposals and the procurement of
2593 contracts by an electric distribution company for the provision of
2594 electric generation services offered pursuant to this subsection. Costs
2595 associated with the retention of such third-party entity shall be
2596 included in the cost of electric generation services that is included in

2597 such price.

2598 [(5) Each] (7) For resources acquired pursuant to a request for
2599 proposal process, each bidder for a standard service contract shall
2600 submit its bid to the electric distribution company and the third-party
2601 entity who shall jointly review the bids, conduct an analysis of the cost
2602 of such proposal and submit an overview of all bids together with a
2603 joint recommendation to the department as to the preferred bidders.
2604 The department shall make available to the Office of Consumer
2605 Counsel and the Attorney General all bids it receives pursuant to this
2606 subsection, provided the bids and any analysis of such bids shall not
2607 be subject to disclosure under the Freedom of Information Act for a
2608 period of three months. The department may, [within ten] not later
2609 than two business days [of] after submission of the overview, reject the
2610 recommendation regarding preferred bidders. In the event that the
2611 department rejects the preferred bids, the electric distribution
2612 company and the third-party entity shall rebid the service pursuant to
2613 this subdivision. For other resources acquired by an electric
2614 distribution company pursuant to subdivision (5) of this subsection,
2615 such company shall submit information on such acquisitions to the
2616 department as shall be specified in the procurement plan.

2617 (8) Upon approval of the preferred bids by the department, the
2618 respective electric distribution company shall enter into contracts with
2619 approved bidders. The department shall approve or reject such
2620 contracts not later than seven calendar days after such contracts are
2621 entered into, but can extend such period an additional seven days with
2622 the consent of all parties.

2623 (9) Not later than October 1, 2009, and biennially thereafter, the
2624 department shall conduct a contested case proceeding in accordance
2625 with chapter 54 to review the efficacy of the process of procuring
2626 contracts pursuant to this subsection including as assessment of the
2627 extent to which the standards set forth in sections 55 and 58 of this act
2628 are met.

2629 (d) (1) [Notwithstanding] Not later than January 1, 2008, and on a
2630 continuing basis, notwithstanding the provisions of this section
2631 regarding the electric generation services component of the transitional
2632 standard offer or the procurement of electric generation services under
2633 standard service, section 16-244h or 16-245o, the Department of Public
2634 Utility Control [may, from time to time, direct an electric distribution
2635 company] shall direct the electric distribution companies to offer,
2636 through an electric supplier or electric suppliers, [before January 1,
2637 2007, one or more alternative transitional standard offer options or, on
2638 or after January 1, 2007,] one or more [alternative standard] renewable
2639 service options. Such [alternative] renewable service options shall
2640 include, but not be limited to, an option that consists of the provision
2641 of electric generation services that exceed the renewable portfolio
2642 standards established in section 16-245a and an option that allows
2643 consumers to purchase renewable energy directly and may include an
2644 option that utilizes strategies or technologies that reduce the overall
2645 consumption of electricity of the customer.

2646 (2) (A) The department shall develop such [alternative] renewable
2647 service option or options in [a contested case] contested cases, as
2648 necessary, conducted in accordance with the provisions of chapter 54.
2649 The department shall determine the terms and conditions of such
2650 [alternative] renewable service option or options, including, but not
2651 limited to, (i) the minimum contract terms, including pricing, length
2652 and termination of the contract, and (ii) the minimum percentage of
2653 electricity derived from Class I or Class II renewable energy sources, if
2654 applicable. The electric distribution [company] companies shall, under
2655 the supervision of the department, subsequently conduct a bidding
2656 process in order to solicit electric suppliers to provide such
2657 [alternative] renewable service option or options.

2658 (B) The department may reject some or all of the bids received
2659 pursuant to the bidding process.

2660 (3) The department may require an electric supplier to provide
2661 forms of assurance to satisfy the department that the contracts

2662 resulting from the bidding process will be fulfilled.

2663 (4) An electric supplier who fails to fulfill its contractual obligations
2664 resulting from this subdivision shall be subject to civil penalties, in
2665 accordance with the provisions of section 16-41, or the suspension or
2666 revocation of such supplier's license or a prohibition on the acceptance
2667 of new customers, following a hearing that is conducted as a contested
2668 case, in accordance with the provisions of chapter 54.

2669 (e) (1) On and after January 1, 2007, an electric distribution company
2670 shall serve customers that are not eligible to receive standard service
2671 pursuant to subsection (c) of this section as the supplier of last resort.
2672 This subsection shall not apply to customers purchasing power under
2673 contracts entered into pursuant to section 16-19hh. Any customer
2674 previously receiving electric generation services from an electric
2675 supplier shall not be eligible to receive supplier of last resort service
2676 pursuant to this subsection unless such customer agrees to receive
2677 supplier of last resort service for a period of not less than one year.

2678 (2) An electric distribution company shall procure electricity to
2679 provide electric generation services to customers pursuant to this
2680 subsection. The Department of Public Utility Control shall determine a
2681 price for such customers that reflects the full cost of providing the
2682 electricity on a monthly basis <u>and that is consistent with the approved</u>
2683 <u>procurement and deployment plan pursuant to section 55 of this act or,</u>
2684 <u>on an alternative basis as determined pursuant to subdivision (3) of</u>
2685 <u>this subsection</u>. Each electric distribution company shall recover the
2686 actual net costs of procuring and providing electric generation services
2687 pursuant to this subsection, provided such company mitigates the
2688 costs it incurs for the procurement of electric generation services for
2689 customers that are no longer receiving service pursuant to this
2690 subsection.

2691 <u>(3) On or after July 1, 2008, the Department of Public Utility Control</u>
2692 <u>may conduct a contested case proceeding to study the frequency with</u>
2693 <u>which it should determine the price for supplier of last resort service.</u>

2694 (f) On and after January 1, 2000, and until such time the regional
2695 independent system operator implements procedures for the provision
2696 of back-up power to the satisfaction of the Department of Public Utility
2697 Control, each electric distribution company shall provide electric
2698 generation services to any customer who has entered into a service
2699 contract with an electric supplier that fails to provide electric
2700 generation services for reasons other than the customer's failure to pay
2701 for such services. Between January 1, 2000, and December 31, 2006, an
2702 electric distribution company may procure electric generation services
2703 through a competitive bidding process or through any of its generation
2704 entities or affiliates. On and after January 1, 2007, such company shall
2705 procure electric generation services through a competitive bidding
2706 process pursuant to a plan submitted by the electric distribution
2707 company and approved by the department. Such company may
2708 procure electric generation services through any of its generation
2709 entities or affiliates, provided such entity or affiliate is the lowest
2710 qualified bidder and provided further any such entity or affiliate is
2711 licensed pursuant to section 16-245.

2712 (g) An electric distribution company is not required to be licensed
2713 pursuant to section 16-245 to provide standard offer electric generation
2714 services in accordance with subsection (a) of this section, transitional
2715 standard offer service pursuant to subsection (b) of this section,
2716 standard service pursuant to subsection (c) of this section, supplier of
2717 last resort service pursuant to subsection (e) of this section or back-up
2718 electric generation service pursuant to subsection (f) of this section.

2719 (h) The electric distribution company shall be entitled to recover
2720 reasonable costs incurred as a result of providing standard offer
2721 electric generation services pursuant to the provisions of subsection (a)
2722 of this section, transitional standard offer service pursuant to
2723 subsection (b) of this section, standard service pursuant to subsection
2724 (c) of this section or back-up electric generation service pursuant to
2725 subsection (f) of this section. The provisions of this section and section
2726 16-244a shall satisfy the requirements of section 16-19a until January 1,
2727 2007.

2728 (i) The Department of Public Utility Control shall establish, by
2729 regulations adopted pursuant to chapter 54, procedures for when and
2730 how a customer is notified that his electric supplier has defaulted and
2731 of the need for the customer to choose a new electric supplier within a
2732 reasonable period of time.

2733 (j) (1) Notwithstanding the provisions of subsection (d) of this
2734 section regarding **[**an alternative transitional standard offer option or
2735 an alternative standard**]** a renewable service option, an electric
2736 distribution company providing transitional standard offer service,
2737 standard service, supplier of last resort service or back-up electric
2738 generation service in accordance with this section shall contract with
2739 its wholesale suppliers to comply with the renewable portfolio
2740 standards. The Department of Public Utility Control shall annually
2741 conduct a contested case, in accordance with the provisions of chapter
2742 54, in order to determine whether the electric distribution company's
2743 wholesale suppliers met the renewable portfolio standards during the
2744 preceding year. An electric distribution company shall include a
2745 provision in its contract with each wholesale supplier that requires the
2746 wholesale supplier to pay the electric distribution company an amount
2747 of five and one-half cents per kilowatt hour if the wholesale supplier
2748 fails to comply with the renewable portfolio standards during the
2749 subject annual period. The electric distribution company shall
2750 promptly transfer any payment received from the wholesale supplier
2751 for the failure to meet the renewable portfolio standards to the
2752 Renewable Energy Investment Fund for the development of Class I
2753 renewable energy sources. Any payment made pursuant to this section
2754 shall not be considered revenue or income to the electric distribution
2755 company.

2756 (2) Notwithstanding the provisions of subsection (d) of this section
2757 regarding **[**an alternative transitional standard offer option or an
2758 alternative standard**]** a renewable service option, an electric
2759 distribution company providing transitional standard offer service,
2760 standard service, supplier of last resort service or back-up electric
2761 generation service in accordance with this section shall, not later than

2762 July 1, 2008, file with the Department of Public Utility Control for its
2763 approval one or more long-term power purchase contracts from Class I
2764 renewable energy source projects that receive funding from the
2765 Renewable Energy Investment Fund and that are not less than one
2766 megawatt in size, at a price that is either, at the determination of the
2767 project owner, (A) not more than the total of the comparable wholesale
2768 market price for generation plus five and one-half cents per kilowatt
2769 hour, or (B) fifty per cent of the wholesale market electricity cost at the
2770 point at which transmission lines intersect with each other or interface
2771 with the distribution system, plus the project cost of fuel indexed to
2772 natural gas futures contracts on the New York Mercantile Exchange at
2773 the natural gas pipeline interchange located in Vermillion Parish,
2774 Louisiana that serves as the delivery point for such futures contracts,
2775 plus the fuel delivery charge for transporting fuel to the project, plus
2776 five and one-half cents per kilowatt hour. The department shall
2777 approve or reject such contracts not later than thirty calendar days
2778 after such contract is filed, unless the department determines before
2779 the expiration of that period that additional time is needed, but in no
2780 event longer than a total of sixty days. If the department does not issue
2781 a decision within sixty calendar days, the contract shall be deemed to
2782 have been approved. In its approval of such contracts, the department
2783 shall give preference to purchase contracts from those projects that
2784 would provide a financial benefit to ratepayers or would enhance the
2785 reliability of the electric transmission system of the state. Such projects
2786 shall be located in this state. The owner of a fuel cell project principally
2787 manufactured in this state shall be allocated all available air emissions
2788 credits and tax credits attributable to the project and no less than fifty
2789 per cent of the energy credits in the Class I renewable energy credits
2790 program established in section 16-245a attributable to the project.
2791 [Such] On and after January 1, 2007, and until September 30, 2008, such
2792 contracts shall be comprised of not less than a total, apportioned
2793 among each electric distribution company, of one hundred twenty-five
2794 megawatts; and on and after October 1, 2008, such contracts shall be
2795 comprised of not less than a total, apportioned among each electrical
2796 distribution company, of one hundred fifty megawatts. The cost of

2797 such contracts and the administrative costs for the procurement of
2798 such contracts directly incurred shall be eligible for inclusion in the
2799 adjustment to the transitional standard offer as provided in this section
2800 and any subsequent rates for standard service, provided such contracts
2801 are for a period of time sufficient to provide financing for such
2802 projects, but not less than ten years, and are for projects which began
2803 operation on or after July 1, 2003. Except as provided in this
2804 subdivision, the amount from Class I renewable energy sources
2805 contracted under such contracts shall be applied to reduce the
2806 applicable Class I renewable energy source portfolio standards. For
2807 purposes of this subdivision, the department's determination of the
2808 comparable wholesale market price for generation shall be based upon
2809 a reasonable estimate. On or before July 1, 2007, the department, in
2810 consultation with the Office of Consumer Counsel and the Renewable
2811 Energy Investments Advisory Council, shall initiate a study of the
2812 operation of such renewable energy contracts and report its findings
2813 and recommendations to the joint standing committee of the General
2814 Assembly having cognizance of matters relating to energy.

2815 Sec. 54. (NEW) (*Effective from passage*) On or before September 1,
2816 2007, any person may, and an electric distribution company shall,
2817 submit a plan to build peaking generation, or the electric distribution
2818 companies may submit a joint ownership plan to build peaking
2819 generation, to be heard in a contested case proceeding before the
2820 Department of Public Utility Control. An electric distribution
2821 company's plan shall include its full projected costs, and shall
2822 demonstrate to the department that its plan is not supported in any
2823 form of cross subsidization by affiliated entities. Any plan approved
2824 by the department shall (1) include a requirement that the owner of the
2825 peaking generation is compensated at cost of service plus reasonable
2826 rate of return as determined by the department, and (2) require that
2827 such peaking generation facility is operated at such times and such
2828 capacity so as to reduce overall electricity rates for consumers. The
2829 department may retain a consultant to assist the department in
2830 determining if projected costs included in the plan are good faith

2831 preliminary estimates, and the department may require modification
2832 of the plan as necessary to protect the best interests of ratepayers. Not
2833 later than one hundred twenty days after the plan is submitted, the
2834 department shall approve the plan unless it demonstrates in detail,
2835 pursuant to section 16-19e of the general statutes, as amended by this
2836 act, that such plan is not in the best interests of ratepayers. The
2837 department shall request that any person submitting a plan submit
2838 further information that the department determines to be in the public
2839 interest that the department shall use in evaluating the proposal. Such
2840 person shall only recover the just and reasonable costs of construction
2841 of the facility and, in an annual retail generation rate contested case,
2842 shall be entitled to recover its prudently incurred costs of such project,
2843 including, but not limited to, capital costs, operation and maintenance
2844 expenses, depreciation, fuel costs, taxes and other governmental
2845 charges and a reasonable rate of return on equity. The department
2846 shall review such recovery of costs consistent with the principles set
2847 forth in sections 16-19, 16-19b and 16-19e of the general statutes, as
2848 amended by this act, provided the return on equity associated with
2849 such project shall be established in the initial annual contested case
2850 proceeding under this subsection and updated at least once every four
2851 years. A person operating a peaking generation unit pursuant to the
2852 provisions of this section shall bid the unit into all regional
2853 independent system operator markets, including the energy market,
2854 capacity market or forward reserve market, using cost of service
2855 principles and in accordance with guidelines established by the
2856 Department of Public Utility Control each year in the annual retail
2857 generation rate case referred to herein.

2858 Sec. 55. (NEW) (*Effective from passage*) (a) The electric distribution
2859 companies shall conduct an energy and capacity resource assessment
2860 and develop a comprehensive plan for the procurement and
2861 deployment of energy resources, including, but not limited to,
2862 conventional and renewable generating facilities, energy conservation,
2863 energy efficiency, load management, demand response, transmission
2864 combined heat and power facilities and distributed generation to meet

2865 the projected requirements of their customers in a manner that
2866 minimizes the cost and price volatility of such resources to customers
2867 over time and maximizes consumer benefits consistent with the state's
2868 environmental goals and standards. On or before January 1, 2008, and
2869 every two years thereafter, the companies shall submit to the
2870 Connecticut Energy Advisory Board, established pursuant to section
2871 16a-3 of the general statutes, as amended by this act, an assessment of
2872 (1) the energy and capacity requirements of customers for the next
2873 three, five and ten years, (2) the impact of current and projected
2874 environmental standards, including, but not limited to, those related to
2875 greenhouse gas emissions and the federal Clean Air Act goals and how
2876 different resources could help achieve those standards and goals, (3)
2877 energy security and economic risks associated with potential energy
2878 resources, and (4) the estimated lifetime cost and availability of
2879 potential energy resources, including those related to reliability and
2880 price volatility.

2881 (b) Resource needs shall first be met through all available energy
2882 efficiency and demand reduction resources that are cost effective,
2883 reliable and feasible. The plan shall specify (1) the total amount of
2884 energy and capacity resources needed to meet the requirements of all
2885 customers, (2) the extent to which demand side measures, including
2886 efficiency, conservation, demand response and load management can
2887 cost-effectively meet these needs, (3) needs for generating capacity and
2888 transmission and distribution improvements, and (4) how the
2889 development of such resources will reduce and stabilize the costs of
2890 electricity to consumers.

2891 (c) The procurement and deployment plan shall consider: (1)
2892 Approaches to maximizing the impact of demand side measures; (2)
2893 the extent to which generation needs can be met by renewable and
2894 combined heat and power facilities and by the impact of regional
2895 market incentives; (3) types and locations for generation that would
2896 optimize the generation portfolio within the state; (4) fuel types,
2897 diversity, availability, firmness of supply and security and
2898 environmental impacts thereof, including impacts on meeting the

2899 state's greenhouse gas emission goals; (5) reliability, peak load and
2900 energy forecasts, system contingencies and existing resource
2901 availabilities; (6) import limitations and the appropriate reliance on
2902 such imports; (7) the costs and benefits of options for the ownership of
2903 energy resources; (8) if it is in the best interest of customers, how new
2904 resources could be integrated into the standard service and last-resort
2905 service provided pursuant to section 16-244c of the general statutes, as
2906 amended by this act; and (9) the impact of the plan on the costs of
2907 electric customers, including, but not limited to, effects on capacity and
2908 energy costs, rate stability and affordability for low-income customers.

2909 (d) The board, in consultation with the regional independent system
2910 operator, in-state generators and other interested stakeholders, shall
2911 review and approve the proposed procurement and deployment plan
2912 as submitted not later than one hundred twenty days after receipt. The
2913 companies shall provide any additional information requested by the
2914 board that is relevant to the consideration of the plan. In the course of
2915 conducting such review, the board may retain the services of a third-
2916 party entity with experience in the area of energy procurement and
2917 may consult with the regional independent system operator. The board
2918 shall submit the reviewed plan, together with a statement of any
2919 unresolved issues, to the Department of Public Utility Control. The
2920 department shall consider the plan in an uncontested proceeding and
2921 shall provide an opportunity for interested parties to submit comments
2922 regarding the plan. Not later than one hundred fifty days after
2923 submission of the plan, the department shall approve, or modify and
2924 approve, the plan.

2925 (e) All reasonable costs associated with the development of the
2926 resource assessment and procurement and deployment plan shall be
2927 recoverable by the electric distribution companies through the
2928 nonbypassable federally mandated congestion charge, as defined in
2929 section 16-1 of the general statutes, as amended by this act, the
2930 generation services charge or other charge consistent with section 16-
2931 19 of the general statutes and section 16-19e of the general statutes, as
2932 amended by this act.

2933 (f) The board shall meet at least quarterly to consider progress in the
2934 implementation of the procurement and deployment plan and any
2935 changes in circumstances that might affect the resource needs or said
2936 procurement plan. The board may, at any time, recommend to the
2937 companies and to the department that said plan be modified based on
2938 a substantial change in the need for or availability of resources. The
2939 companies or the department, on its own motion with notice to the
2940 board, may also request consideration of plan modifications based on
2941 changes in circumstance. The department shall consider any such
2942 request in an uncontested proceeding.

2943 Sec. 56. (NEW) (*Effective from passage*) (a) The Department of Public
2944 Utility Control shall implement the procurement and deployment plan
2945 established in section 55 of this act by (1) issuing requests for proposals
2946 pursuant to section 58 of this act to meet specified energy resource
2947 needs set forth in the plan or by directing the electric distribution
2948 companies to issue such requests for proposals, (2) directing the
2949 electric distribution companies to incorporate additional demand-side
2950 measures set forth in the plan into the comprehensive conservation
2951 and load management plan prepared pursuant to section 16-245m of
2952 the general statutes for review by the Energy Conservation
2953 Management Board, (3) directing the distribution companies to submit
2954 proposals for specific transmission or distribution improvements,
2955 generation projects or other projects set forth in the plan, or (4) taking
2956 other actions within its authority to implement the plan.

2957 (b) Effective January 1, 2008, until the comprehensive plan is
2958 implemented by the department, the electric distribution companies
2959 shall include all available energy efficiency and demand reduction
2960 resources that are cost effective, reliable and feasible in the
2961 comprehensive conservation and load management plan prepared
2962 pursuant to section 16-245m of the general statutes for review by the
2963 Energy Conservation Management Board.

2964 Sec. 57. Section 16a-3 of the general statutes is repealed and the
2965 following is substituted in lieu thereof (*Effective from passage*):

2966 (a) There is established a Connecticut Energy Advisory Board
2967 consisting of nine members, including the Commissioner of
2968 Environmental Protection, [the chairperson of the Public Utilities
2969 Control Authority, the Commissioner of Transportation,] the
2970 Consumer Counsel, [the Commissioner of Agriculture,] the executive
2971 director of Connecticut Innovations, Incorporated, and the Secretary of
2972 the Office of Policy and Management, or their respective designees.
2973 The Governor shall appoint [one member, the] a representative of a
2974 state-wide business association, a representative of a state-wide
2975 manufacturing association and a representative of low-income
2976 ratepayers. The president pro tempore of the Senate shall appoint [one
2977 member, and the] a representative of an environmental organization
2978 who is knowledgeable in energy efficiency programs. The speaker of
2979 the House of Representatives shall appoint [one member, all of whom]
2980 a representative of a consumer advocacy organization. All appointed
2981 members shall serve in accordance with section 4-1a. The appointing
2982 authorities shall make all appointments within ninety days of the
2983 effective date of this section. No appointee may be employed by, or a
2984 consultant of, a public service company, as defined in section 16-1, as
2985 amended by this act, or an electric supplier, as defined in section 16-1,
2986 amended by this act, or an affiliate or subsidiary of such company or
2987 supplier.

2988 (b) The board shall, (1) prepare an annual report pursuant to section
2989 16a-7a; (2) represent the state in regional energy system planning
2990 processes conducted by the regional independent system operator, as
2991 defined in section 16-1, as amended by this act; (3) encourage
2992 representatives from the municipalities that are affected by a proposed
2993 project of regional significance to participate in regional energy system
2994 planning processes conducted by the regional independent system
2995 operator; (4) issue a request-for-proposal in accordance with
2996 subsections (b) and (c) of section 16a-7c; (5) evaluate the proposals
2997 received pursuant to the request-for-proposal in accordance with
2998 subsection (f) of section 16a-7c; (6) participate in a forecast proceeding
2999 conducted pursuant to subsection (a) of section 16-50r; [and] (7)

3000 participate in a life-cycle proceeding conducted pursuant to subsection
3001 (b) of section 16-50r; and (8) review the procurement and deployment
3002 plan submitted by the electric distribution companies pursuant to
3003 section 55 of this act.

3004 (c) The board shall elect a chairman and a vice-chairman from
3005 among its members and shall adopt such rules of procedure as are
3006 necessary to carry out its functions.

3007 (d) The board shall convene its first meeting not later than
3008 September 1, 2003. A quorum of the board shall consist of two-thirds
3009 of the members currently serving on the board.

3010 (e) The board shall employ such staff as is required for the proper
3011 discharge of its duties. The board may also retain any third-party
3012 consultants it deems necessary to accomplish the goals set forth in
3013 subsection (b) of this section. The board shall annually submit to the
3014 Department of Public Utility Control a proposal regarding the level of
3015 funding required for the discharge of its duties, which proposal shall
3016 be approved by the department either as submitted or as modified by
3017 the department.

3018 (f) The Connecticut Energy Advisory Board shall be within the
3019 Office of Policy and Management for administrative purposes only.

3020 Sec. 58. (NEW) (*Effective from passage*) (a) Pursuant to the assessment
3021 conducted pursuant to section 55 of this act, the Department of Public
3022 Utility Control shall conduct a contested case proceeding to develop
3023 and issue a request for proposals pursuant to subdivision (1) of
3024 subsection (a) of section 56 of this act to solicit the development of
3025 demand response, efficiency and load management and new,
3026 expanded or repowered cost-of-service generation to address any
3027 deficiencies or needs identified in the assessment prepared pursuant to
3028 section 55 of this act. A person, including an electric distribution
3029 company submitting a proposal pursuant to this subsection, shall
3030 include draft contracts containing information required by subsection
3031 (d) of this section in its submission, with compensation based

3032 exclusively on cost-of-service, including, but not limited to, a
3033 reasonable rate of return of and on prudent investment, operation and
3034 maintenance expenses, depreciation, fuel costs, taxes and other
3035 governmental charges. The department shall review the recovery of
3036 such charges in an annual, contested rate case as to all the units or
3037 measures owned by each person with a contract pursuant to this
3038 section, and said contract shall expressly subject such person to such
3039 review by the department. The department shall review such recovery
3040 of costs consistent with the principles set forth in sections 16-19, 16-19b
3041 and 16-19e of the general statutes, as amended by this act, provided
3042 the return on equity associated with such project shall be established in
3043 the initial annual contested case proceeding under this subsection for
3044 each person and updated at least once every four years. The
3045 department may retain a third-party consultant to help determine
3046 whether projected costs submitted by any person are reasonable
3047 preliminary estimates or whether the department should reject or
3048 require modification of any proposals that do not reflect reasonable
3049 estimates. The department may request that a person submitting a
3050 proposal submit further information that the department determines to
3051 be in the public interest, which the department may use in evaluating
3052 the proposal. The department shall approve contracts consistent with
3053 the principles set forth in sections 16-19, 16-19b and 16-19e of the
3054 general statutes, as amended by this act. The department shall reject
3055 proposals that are not in the best interests of customers.

3056 (b) The Department of Public Utility Control shall evaluate
3057 proposals received pursuant to subsection (a) of this section and may
3058 approve one or more of such proposals. The department shall evaluate
3059 the proposals based on an analysis of the expected costs and benefits of
3060 the proposals, consistency with environmental sustainability,
3061 reduction and stabilization of electric rates, market power risks, the
3062 promotion of fuel diversity and the reduction or overall minimization
3063 of increases in greenhouse gas emissions. The department shall only
3064 approve such proposals that have expected benefits in excess of
3065 expected costs and are in the best long-term interest of the customers

3066 of the state. All proposals received by the department pursuant to this
3067 section shall be available for public review six months after
3068 department approval or rejection.

3069 (c) The Department of Public Utility Control shall publish requests
3070 for proposals under this section in one or more newspapers or
3071 periodicals, as selected by the department, and shall post such requests
3072 for proposals on its web site. The department may retain the services
3073 of a third-party entity with expertise in the area of energy procurement
3074 to oversee the development of the requests for proposals and to assist
3075 the department in its approval of proposals pursuant to this section.
3076 The reasonable and proper expenses for retaining such third-party
3077 entity shall be recoverable through federally mandated congestion
3078 charges, as defined in section 16-1 of the general statutes, as amended
3079 by this act, which charges the department shall allocate to electric
3080 distribution companies in proportion to their revenue.

3081 (d) Any person, other than an electric distribution company,
3082 submitting a proposal pursuant to this section shall include with its
3083 proposal a draft of a contract that includes the transfer to the electric
3084 distribution company of all rights to payment or to assignment of
3085 credits related to the facility, including, but not limited to, energy,
3086 installed capacity, forward reserve capacity, locational forward reserve
3087 capacity, environmental credits and all other similar or ancillary
3088 products associated with such proposal. The draft contract shall also
3089 include security for ensuring performance of the contractual
3090 obligations. No such contract shall have a term exceeding fifteen years.
3091 Such contract shall include such provisions as the Department of
3092 Public Utility Control directs.

3093 (e) An electric distribution company submitting a proposal pursuant
3094 to this section shall expressly state in its proposal that, in return for
3095 payment based on cost-of-service pursuant to subsection (a) of this
3096 section, such company will hold for the benefit of ratepayers all other
3097 rights to payment or assignment of environmental credits that derive
3098 from a contract pursuant to this section.

3099 (f) An electric distribution company shall enter into contracts to
3100 implement those proposals approved pursuant to this section, and
3101 shall apply to the Department of Public Utility Control for approval of
3102 each such contract. After thirty days, either party may request the
3103 assistance of the department to resolve any outstanding issues. No
3104 such contract may become effective without approval of the
3105 department. The department shall hold a hearing that shall be
3106 conducted as a contested case, in accordance with the provisions of
3107 chapter 54 of the general statutes, to approve, reject or modify an
3108 application for approval of such contracts. Such a contract shall contain
3109 terms that mitigate the long-term risk assumed by customers. The
3110 electric distribution company shall recover all reasonable costs
3111 incurred in implementing this section, including all costs incurred as a
3112 result of such contracts, through nonbypassable federally mandated
3113 congestion charges.

3114 (g) Projects approved pursuant to this section are eligible for
3115 expedited siting through a petition for declaratory ruling pursuant to
3116 subsection (a) of section 16-50k of the general statutes, as amended by
3117 this act. The provisions of section 16a-7c of the general statutes shall
3118 not apply to projects approved pursuant to this section.

3119 (h) All department reviews pursuant to this section shall be
3120 consistent with the principles set forth in sections 16-19, 16-19b and 16-
3121 19c of the general statutes.

3122 Sec. 59. (*Effective July 1, 2007*) (a) On and after July 1, 2009, if the
3123 Department of Public Utility Control does not receive and approve
3124 proposals pursuant to the requests for proposals processes, pursuant
3125 to section 58 of this act, sufficient to reach the goal set by the plan
3126 approved pursuant to section 55 of this act, the department shall order
3127 an electric distribution company to submit for the department's review
3128 in a contested case proceeding, in accordance with chapter 54 of the
3129 general statutes, a proposal to develop demand response, energy
3130 efficiency and load management or build new, expanded or repowered
3131 cost-of-service electric generation in the state. Each electric distribution

3132 company shall be entitled to recover its prudently incurred costs
3133 consistent with the principles set forth in section 16-19e of the general
3134 statutes, as amended by this act.

3135 (b) On or before January 1, 2008, the department shall initiate a
3136 contested case proceeding to determine the costs and benefits of the
3137 state serving as the builder of last resort for the shortfall of megawatts
3138 from said request for proposal process.

3139 Sec. 60. (NEW) (*Effective July 1, 2007*) (a) On or before October 1,
3140 2007, the Department of Public Utility Control shall establish a plan to
3141 implement a voluntary rate program that will add a fourth tier to the
3142 rates required pursuant to section 16-243n of the general statutes, as
3143 amended by this act. Said program shall (1) establish the surcharge on
3144 peak rates, which shall apply to high-demand peak days, for
3145 customers choosing to participate, (2) encourage a shift of demand,
3146 and (3) include an educational component.

3147 (b) The department shall establish parameters for the program
3148 established in subsection (a) of this section, including, but not limited
3149 to, facilitating the delivery of meters and ensuring revenue neutrality
3150 within and across rate classes.

3151 Sec. 61. Section 16a-7c of the general statutes is amended by adding
3152 subsection (g) as follows (*Effective July 1, 2007*):

3153 (NEW) (g) When evaluating submissions pursuant to subsection (f)
3154 of this section for a facility described in subdivision (3) of subsection
3155 (a) of section 16-50i that are in excess of sixty-five megawatts, the
3156 board shall perform a net energy analysis for each proposal. Such
3157 analysis shall include calculations of all embodied energy
3158 requirements used in the materials for initial construction of the
3159 facility over its projected useful lifetime. The analysis shall be
3160 expressed in a dimensionless unit as an energy profit ratio of energy
3161 generated by the facility to the calculated net energy expended in plant
3162 construction, maintenance and total fuel cycle energy requirements
3163 over the projected useful lifetime of the facility. The boundary for both

3164 the net energy calculations of the fuel cycle and materials for the
3165 facility construction and maintenance shall both be at the point of
3166 primary material extraction and include the energy consumed through
3167 the entire supply chain to final, but not be limited to, such subsequent
3168 steps as transportation, refinement and energy for delivery to the end
3169 consumer. The results of said net energy analysis shall be included in
3170 the results forwarded to the Connecticut Siting Council pursuant to
3171 subsection (f) of this section. For purposes of this subsection, "facility
3172 net energy" means the heat energy delivered by the facility contained
3173 in a fuel minus the life cycle energy used to produce the facility. "Fuel
3174 net energy" means the heat energy contained in a fuel minus the
3175 energy used to extract the fuel from the environment, refine it to a
3176 socially useful state and deliver it to consumers, and "embodied
3177 energy" means the total energy used to build and maintain a process,
3178 expressed in calorie equivalents of one type of energy.

3179 Sec. 62. Subsection (b) of section 16a-7c of the general statutes is
3180 repealed and the following is substituted in lieu thereof (*Effective July*
3181 *1, 2007*):

3182 (b) On or after December 1, 2004, not later than fifteen days after the
3183 filing of an application pursuant to subdivision (1) of subsection (a) of
3184 section 16-50i, except for an application for a facility described in
3185 subdivision (5) or (6) of subsection (a) of section 16-50i <u>or projects</u>
3186 <u>approved pursuant to sections 55 and 56 of this act</u>, the Connecticut
3187 Energy Advisory Board shall issue a request-for-proposal to seek
3188 alternative solutions to the need that will be addressed by the
3189 proposed facility in such application. Such request-for-proposal shall,
3190 where relevant, solicit proposals that include distributed generation or
3191 energy efficiency measures. The board shall publish such request-for-
3192 proposal in one or more newspapers or periodicals, as selected by the
3193 board. <u>Any facility generating not more than five megawatts and any</u>
3194 <u>electric transmission line, electric generation facility or electric</u>
3195 <u>substation otherwise constituting a facility as described in subsection</u>
3196 <u>(a) of section 16-50i that, as part of the proceeding conducted pursuant</u>
3197 <u>to section 9 of this act and in accordance with this subsection, shall be</u>

3198 determined by the Connecticut Siting Council and the Department of
3199 Public Utility Control to be required for the reliability of electric
3200 supply to critical national defense and homeland security
3201 infrastructure shall be exempt from the request for proposal process
3202 described in this subsection and exempt from the municipal
3203 participation fee requirements of subdivision (1) of subsection (a) of
3204 section 16-50*l*, as amended by this act. Such determination shall be
3205 made on or before December 31, 2007. Notwithstanding the provisions
3206 of this subsection, the board, by a vote of two-thirds of the members
3207 present and voting, may determine that a request for proposal is
3208 unnecessary for a specific application because the process is not likely
3209 to result in a reasonable alternative to the proposed facility. On or
3210 before December 1, 2007, after seeking public comment, the board shall
3211 approve additional criteria for considering whether a request for
3212 proposal process should not be required for a specific application. Any
3213 determination that a request-for-proposal is not required shall include
3214 the board's reasons for such determination.

3215 Sec. 63. Subdivision (2) of subsection (a) of section 16-50*l* of the
3216 general statutes is repealed and the following is substituted in lieu
3217 thereof (*Effective July 1, 2007*):

3218 (2) On or after December 1, 2004, the filing of an application
3219 pursuant to subdivision (1) of this subsection shall initiate the request-
3220 for-proposal process, except for an application for a facility described
3221 in subdivision (4), (5) or (6) of subsection (a) of section 16-50i and
3222 except for a facility exempt from such requirement pursuant to
3223 subsection (b) of section 16a-7c, as amended by this act.

3224 Sec. 64. (NEW) (*Effective from passage*) (a) Notwithstanding the
3225 provisions of title 22a of the general statutes, the Department of
3226 Environmental Protection shall review and issue a final decision no
3227 later than one hundred twenty days following the submission of a
3228 complete and accurate application with respect to each permit
3229 application filed with said department between September 1, 2007, and
3230 January 1, 2010, inclusive, which is required for the installation of

3231 emergency electric generation and distributed resources, as defined in
3232 section 16-1 of the general statutes, as amended by this act, to be
3233 offered in the locational forward reserve market including systems that
3234 utilize fossil fuels as the primary fuel source. Any such permit issued
3235 as directed by this section shall have a term of no less than three years.

3236 (b) The Department of Environmental Protection shall notify the
3237 Department of Public Utility Control not later than September 1, 2007,
3238 of the acceptable pollution control equipment or measures applicable
3239 to the various types of emergency electric generation resources that
3240 may participate in the locational forward reserve market.

3241 Sec. 65. (NEW) (*Effective July 1, 2007*) On or before September 1,
3242 2007, the chairperson of the Public Utilities Control Authority and the
3243 Commissioner of Environmental Protection shall enter into a
3244 collaborative memorandum of understanding allowing for the timely
3245 permitting and operation of emergency electric generation resources as
3246 dispatchable resources available to participate in the locational
3247 Forward Reserve Market administered by the regional independent
3248 system operator, the timely installation and coordination of pollution
3249 control equipment or measures as deemed appropriate on such
3250 resources, and any necessary regulatory reviews and approvals. The
3251 objectives of the collaborative memorandum of understanding shall be
3252 to maximize the savings to the state's electric ratepayers and to benefit
3253 the state's economy as a whole, while recognizing the agencies' mutual
3254 goals of promoting a healthy economy by reducing the cost of
3255 electricity while preserving and improving the environment. The
3256 memorandum shall recognize that electric reliability charges in
3257 Connecticut largely arise because the regional independent system
3258 operator has determined that all electric generation in the state is
3259 needed to meet operational reliability requirements of the
3260 interconnected electric system and there is insufficient "quick start"
3261 electric generation capacity within the state to allow the system to
3262 recover from contingency outages of large generating units or
3263 transmission lines and further recognize that entities with operations
3264 within the state have registered with the Department of Environmental

3265 Protection a significant number of resources able to synchronize to the
3266 transmission grid and commence the generation of electricity within
3267 thirty minutes or less of a request, where the regional independent
3268 system operator currently does not recognize such resources because
3269 they are not represented in the energy management system
3270 administered. The chairperson and the commissioner shall incorporate
3271 into and include for consideration in the collaborative memorandum
3272 of understanding an estimation of the emissions reductions resulting
3273 from not using steam driven fossil fueled generating units in a reserve
3274 and spinning status to meet the quick start generating needs of the
3275 state, the estimated emissions from the use of emergency generation
3276 operating under the locational forward reserve markets of the regional
3277 independent system operator, adders to the dispatch price of the
3278 emergency electric generating resources associated with any
3279 incremental environmental emissions from such facilities and the
3280 feasibility of actions required and estimated costs to remediate some
3281 portion of such emergency generation to comply with Connecticut air
3282 quality requirements in conformance with federal and regional clean
3283 air standards. On or before January 1, 2008, and upon any additional
3284 modification to such memorandum of understanding, said chairperson
3285 and said commissioner shall report on the actions and measures taken
3286 pursuant to the memorandum of understanding directed by this
3287 section to the joint standing committees of the General Assembly
3288 having cognizance of matters relating to energy and the environment
3289 in accordance with the provisions of section 11-4a of the general
3290 statutes.

3291 Sec. 66. Section 13a-126 of the general statutes is repealed and the
3292 following is substituted in lieu thereof (*Effective from passage*):

3293 As used in this section, "public service facility" includes all
3294 privately, publicly or cooperatively owned lines, facilities and systems
3295 for producing, transmitting or distributing communications, cable
3296 television, power, electricity, light, heat, gas, oil, crude products,
3297 water, steam, waste, storm water not connected with highway
3298 drainage and any other similar commodities, including fire and police

3299 signal systems and street lighting systems which directly or indirectly
3300 serve the public. Whenever the commissioner determines that any
3301 public service facility located within, on, along, over or under any land
3302 comprising the right-of-way of a state highway or any other public
3303 highway when necessitated by the construction or reconstruction of a
3304 state highway shall be readjusted or relocated in or removed from such
3305 right-of-way, the commissioner shall issue an appropriate order to the
3306 company, corporation or municipality owning or operating such
3307 facility, and such company, corporation or municipality shall readjust,
3308 relocate or remove the same promptly in accordance with such order;
3309 provided an equitable share of the cost of such readjustment,
3310 relocation or removal, including the cost of installing and constructing
3311 a facility of equal capacity in a new location, shall be borne by the
3312 state, except that the state shall not bear any share of the cost of a
3313 project <u>of an electric distribution company, as defined in section 16-1,</u>
3314 <u>as amended by this act,</u> to readjust, relocate or remove any facility, as
3315 defined in subsection (a) of section 16-50i, used for transmitting
3316 electricity or as an electric <u>transmission</u> trunkline. The Department of
3317 Transportation shall evaluate the total costs of such a project, including
3318 department costs for construction or reconstruction and electric
3319 distribution company costs for readjusting, relocating or removing
3320 such facility, so as to minimize the overall costs incurred by the state
3321 and the electric distribution company. The electric distribution
3322 company may provide the department with proposed alternatives to
3323 the relocation, readjustment or removal proposed by the department
3324 and shall be responsible for any changes to project costs attributable to
3325 adoption of the company's proposed alternative designs for such
3326 project, including changes to the area of the relocation, readjustment or
3327 removal and any incremental costs incurred by the department to
3328 evaluate such alternatives. If such electric distribution company and
3329 the department cannot agree on a plan for such project, the
3330 Commissioner of Transportation and the chairperson of the
3331 Department of Public Utility Control shall, on request of the company,
3332 jointly determine the alternative for the project. Such equitable share,
3333 in the case of or in connection with the construction or reconstruction

3334 of any limited access highway, shall be the entire cost, less the
3335 deductions provided in this section, and, in the case of or in connection
3336 with the construction or reconstruction of any other state highway,
3337 shall be such portion or all of the entire cost, less the deductions
3338 provided in this section, as may be fair and just under all the
3339 circumstances, but shall not be less than fifty per cent of such cost after
3340 the deductions provided in this section. In establishing the equitable
3341 share of the cost to be borne by the state, there shall be deducted from
3342 the cost of the readjusted, relocated or removed facilities a sum based
3343 on a consideration of the value of materials salvaged from existing
3344 installations, the cost of the original installation, the life expectancy of
3345 the original facility and the unexpired term of such life use. When any
3346 facility is removed from the right-of-way of a public highway to a
3347 private right-of-way, the state shall not pay for such private right-of-
3348 way, provided, when a municipally-owned facility is thus removed
3349 from a municipally-owned highway, the state shall pay for the private
3350 right-of-way needed by the municipality for such relocation. If the
3351 commissioner and the company, corporation or municipality owning
3352 or operating such facility cannot agree upon the share of the cost to be
3353 borne by the state, either may apply to the superior court for the
3354 judicial district within which such highway is situated, or, if said court
3355 is not in session, to any judge thereof, for a determination of the cost to
3356 be borne by the state, and said court or such judge, after causing notice
3357 of the pendency of such application to be given to the other party, shall
3358 appoint a state referee to make such determination. Such referee,
3359 having given at least ten days' notice to the parties interested of the
3360 time and place of the hearing, shall hear both parties, shall view such
3361 highway, shall take such testimony as such referee deems material and
3362 shall thereupon determine the amount of the cost to be borne by the
3363 state and immediately report to the court. If the report is accepted by
3364 the court, such determination shall, subject to right of appeal as in civil
3365 actions, be conclusive upon both parties.

3366 Sec. 67. (NEW) (*Effective July 1, 2007*) Notwithstanding any
3367 limitation imposed by its charter, each domestic electric company is

3368 authorized and empowered to generate and transmit electric energy,
3369 and to acquire utility facilities necessary or convenient for the
3370 purposes of its electric utility business or undivided interest therein
3371 and to operate the same, anywhere within or without this state,
3372 provided nothing in this section shall be construed to authorize such a
3373 company to deliver electric energy or sell electric energy in this state to
3374 any person, or any area, except as otherwise authorized by its charter
3375 or the general statutes. For purposes of this section, "domestic electric
3376 company" means an electric company or electric distribution company,
3377 as defined in section 16-1 of the general statutes, as amended by this
3378 act, any membership electric cooperative organized under chapter 597
3379 of the general statutes and any municipal electric utility or municipal
3380 electric energy cooperative, as defined respectively in section 7-233b of
3381 the general statutes that has been chartered by or organized or
3382 constituted within or under the laws of this state.

3383 Sec. 68. Subsection (e) of section 16-2 of the general statutes is
3384 repealed and the following is substituted in lieu thereof (*Effective*
3385 *October 1, 2007*):

3386 (e) To insure the highest standard of public utility regulation, **[**on
3387 and after July 1, 1997, at least three of the commissioners**]** <u>each</u>
3388 <u>commissioner</u> of the authority <u>appointed on or after October 1, 2007,</u>
3389 shall have education or training and three or more years of experience
3390 in one or more of the following fields: Economics, engineering, law,
3391 accounting, finance, utility regulation, public or government
3392 administration, consumer advocacy, business management, and
3393 environmental management. On and after July 1, 1997, at least three of
3394 these fields shall be represented on the authority by individual
3395 commissioners at all times. <u>At least one of the commissioners shall</u>
3396 <u>have experience in utility customer advocacy at all times.</u>

3397 Sec. 69. (*Effective July 1, 2007*) Not later than January 1, 2008, the
3398 Connecticut Energy Advisory Board shall conduct a study to develop
3399 recommendations on how to (1) coordinate and integrate the state's
3400 energy entities; (2) achieve the goals of (A) the Regional Greenhouse

3401 Gas Initiative, and (B) the state, with regard to the reduction of
3402 emissions of greenhouse gas, as provided by section 22a-200a of the
3403 general statutes; and (3) promote indigenous alternative fuel resources.
3404 The board shall submit a report containing its recommendations,
3405 including recommendations for legislation, to the joint standing
3406 committee of the General Assembly having cognizance of matters
3407 relating to energy and technology not later than January 1, 2009.

3408 Sec. 70. (*Effective from passage*) (a) Not later than July 1, 2007, the
3409 Connecticut Energy Advisory Board shall conduct a study on the
3410 efficacy and innovativeness of, and customer focus on, electric
3411 conservation programs. The board shall hold a public hearing on such
3412 matters. In the study, the board shall investigate the options of (1)
3413 selecting a state-wide provider of conservation programs through a
3414 competitive process, which shall be open to electric distribution
3415 companies, the Connecticut Municipal Electrical Energy Cooperative
3416 and other entities; (2) retaining the current delivery system for
3417 conservation programs; and (3) having a nonprofit organization
3418 provide the conservation programs.

3419 (b) The board shall submit a report containing its findings to the
3420 joint standing committee of the General Assembly having cognizance
3421 of matters relating to energy and technology not later than February 1,
3422 2008.

3423 Sec. 71. (*Effective October 1, 2007*) Not later than January 1, 2009, the
3424 Department of Public Utility Control shall study (A) the efficacy and
3425 rate impact of last resort service provided pursuant to subsection (e) of
3426 section 16-244c of the general statutes, as amended by this act,
3427 including, but not limited to, the service's effect on the ability of this
3428 service to meet the needs of commercial and industrial customers and
3429 the development of a competitive electric supply marketplace with
3430 competitive suppliers and products, (B) the efficacy and rate impact of
3431 standard service pursuant to subsection (c) of section 16-244c of the
3432 general statutes, as amended by this act, including, but not limited to,
3433 the service's success in meeting performance with respect to the

3434 standards set forth in section 16-244c of the general statutes, as
3435 amended by this act, and (C) the costs and impact of retail competition
3436 on small business and residential consumers, including rates and
3437 volatility, and compare that analysis to the experience in other states.
3438 The department shall report on the results of said study to the joint
3439 standing committee of the General Assembly having cognizance of
3440 matters relating to energy.

3441 Sec. 72. (NEW) (*Effective July 1, 2007*) (a) The Department of
3442 Education, in consultation with the Energy Conservation Management
3443 Board, established pursuant to section 16-245m of the general statutes,
3444 and the Department of Public Utility Control, shall establish a plan for
3445 providing compact fluorescent light bulbs at low or no cost to schools
3446 in the state for the purpose of a state-wide school fundraiser. The
3447 Department of Education shall report the details of said plan to the
3448 Energy Conservation Management Board and the joint standing
3449 committees of the General Assembly having cognizance of matters
3450 relating to energy and education on or before February 1, 2008.

3451 (b) On or before June 1, 2008, the Energy Conservation Management
3452 Board, in consultation with the Department of Public Utility Control
3453 and the Department of Education, shall develop and implement a
3454 state-wide fundraiser in accordance with the plan submitted pursuant
3455 to subsection (a) of this section, for all public schools, in which
3456 students would sell compact fluorescent light bulbs. Said fundraiser
3457 shall be held in the 2008-2009 school year and annually thereafter. The
3458 participating schools would earn a portion of each sale.

3459 Sec. 73. (NEW) (*Effective July 1, 2007*) On or before October 1, 2007,
3460 the Department of Public Utility Control shall initiate a contested case
3461 proceeding to design a cost-effective revenue adjustment mechanism
3462 to provide additional flexibility within the link between sales levels
3463 and the recovery of costs for electric distribution companies. The
3464 department shall develop for each electric distribution company a
3465 revenue adjustment mechanism that adjusts billed revenues associated
3466 with the distribution component of rates to the gross revenues based

3467 on the rate decision and shall provide for an annual true-up of billed
3468 revenues compared to the base level for deviations from the base level
3469 directly resulting from new or ongoing energy efficiency, conservation,
3470 demand response or load management initiatives implemented by the
3471 company. On or before March 1, 2008, the Energy Conservation
3472 Management Board shall provide such deviations to the department.
3473 The department may implement the revenue adjustment mechanism if
3474 it determines such a mechanism to be in the best interest of ratepayers
3475 pursuant to the principles set forth in sections 16-19, 16-19b and 16-19e
3476 of the general statutes, as amended by this act. To assure the cost basis
3477 for Financial Accounting Standards 71 purposes, any over collection or
3478 under collection of the per-customer revenue shall be adjusted through
3479 a per kilowatt-hour charge or credit in the subsequent year. The
3480 accounting recognition of the impact of the mechanism shall be made
3481 in the year in which the sales actually occurred. The base level of
3482 revenues per customer shall be reset in each department decision
3483 modifying the company's distribution rates. On or before February 1,
3484 2010, the department shall report to the joint standing committee of the
3485 General Assembly having cognizance of matters relating to energy
3486 regarding said mechanism and the use thereof. The department shall
3487 use the existence of the mechanism as a factor in determining the
3488 company's authorized rate of return.

3489 Sec. 74. Subsection (a) of section 16-50k of the general statutes is
3490 repealed and the following is substituted in lieu thereof (*Effective*
3491 *October 1, 2007*):

3492 (a) Except as provided in subsection (b) of section 16-50z, no person
3493 shall exercise any right of eminent domain in contemplation of,
3494 commence the preparation of the site for, **[**or**]** commence the
3495 construction or supplying of a facility, or commence any modification
3496 of a facility, that may, as determined by the council, have a substantial
3497 adverse environmental effect in the state without having first obtained
3498 a certificate of environmental compatibility and public need,
3499 hereinafter referred to as a "certificate", issued with respect to such
3500 facility or modification by the council. **[**, except**]** Certificates shall not

3501 be required for (1) fuel cells built within the state with a generating
3502 capacity of two hundred fifty kilowatts or less, or (2) fuel cells built
3503 out-of-state with a generating capacity of ten kilowatts or less. [which
3504 shall not require such certificate.] Any facility with respect to which a
3505 certificate is required shall thereafter be built, maintained and operated
3506 in conformity with such certificate and any terms, limitations or
3507 conditions contained therein. Notwithstanding the provisions of this
3508 chapter or title 16a, the council shall, in the exercise of its jurisdiction
3509 over the siting of generating facilities, approve by declaratory ruling
3510 [(1)] (A) the construction of a facility solely for the purpose of
3511 generating electricity, other than an electric generating facility that
3512 uses nuclear materials or coal as fuel, at a site where an electric
3513 generating facility operated prior to July 1, 2004, [(2)] (B) the
3514 construction or location of any fuel cell, unless the council finds a
3515 substantial adverse environmental effect, or of any customer-side
3516 distributed resources project or facility or grid-side distributed
3517 resources project or facility with a capacity of not more than sixty-five
3518 megawatts, as long as such project meets air and water quality
3519 standards of the Department of Environmental Protection, and [(3)] (C)
3520 the siting of temporary generation solicited by the Department of
3521 Public Utility Control pursuant to section 16-19ss, as amended by this
3522 act.

3523 Sec. 75. Subdivision (6) of subsection (a) of section 16-244e of the
3524 general statutes is repealed and the following is substituted in lieu
3525 thereof (*Effective July 1, 2007*):

3526 (6) Once unbundling is completed to the satisfaction of the
3527 department and consistent with the provisions of section 16-244, [(A)]
3528 any corporate affiliate or separate division that provides electric
3529 generation services as a result of unbundling pursuant to this
3530 subsection shall be considered a generation entity or affiliate of the
3531 electric company, and the division or corporate affiliate of the electric
3532 company that provides transmission and distribution services shall be
3533 considered an electric distribution company. [, and (B) an electric
3534 distribution company shall not own or operate generation assets,

3535 except as provided in this section and section 16-243m.**]**

3536 Sec. 76. Section 16-19ss of the general statutes is repealed and the
3537 following is substituted in lieu thereof (*Effective July 1, 2007*):

3538 (a) The Department of Public Utility Control may, from July 1, 2003,
3539 to January 1, 2008, inclusive, determine, by an affirmative vote of four
3540 commissioners of the Public Utilities Control Authority, that (1) safe,
3541 adequate and reasonably priced electricity is not available on the
3542 wholesale market; (2) additional temporary electric generation
3543 facilities will result in reductions in federally mandated congestion
3544 costs for which the ratepayers of the state are responsible; and (3) the
3545 prices and costs specified in subdivision (2) of this subsection will
3546 exceed the cost of investment in temporary electric generation
3547 facilities. Such determination shall be in writing and shall state the
3548 reasons supporting the determination.

3549 (b) Upon issuing a determination pursuant to subsection (a) of this
3550 section, the department shall hold a contested case proceeding, in
3551 accordance with the provisions of chapter 54, to develop a request for
3552 proposal to solicit the provision of such additional temporary electric
3553 generation facilities, containing such terms and conditions that will
3554 best serve the interests of the public. The request for proposal process
3555 shall be designed to ensure fairness and full participation by all
3556 qualified responders.

3557 (c) The department may negotiate for terms and conditions
3558 necessary to conclude a transaction with one or more entities
3559 responding to a request for proposal, after notice to all entities that
3560 responded. The department shall base its decision to conclude a
3561 transaction on the best interest of the public and ratepayers.

3562 **[**(d) Nothing in this section shall be construed to allow an electric
3563 distribution company to own, operate, lease or control any facility or
3564 asset that generates electricity, or retain any interest in such facility or
3565 asset as part of any transaction concluded pursuant to this section,
3566 except as provided in subsection (e) of section 16-244e and section 16-

3567 243m.]

3568 Sec. 77. Section 1 of public act 05-2 of the October 25 special session
3569 is repealed and the following is substituted in lieu thereof (*Effective July*
3570 *1, 2007*):

3571 Notwithstanding the provisions of sections 4-28b and 16a-41a of the
3572 general statutes, the Commissioner of Social Services shall [amend the
3573 adopted] adopt a low income home energy assistance program block
3574 grant allocation plan for the [purpose of modifying the 2005/2006]
3575 2007/2008 Connecticut energy assistance program state plan in the
3576 following manner: (1) To increase the basic benefit provided to all
3577 eligible households, including eligible households whose heat is
3578 included in their rent, over the benefit provided for the 2005/2006
3579 plan, prior to the amendment of said plan, by two hundred dollars, (2)
3580 to fund, for the fiscal year ending June 30, 2008, the contingency
3581 heating assistance program under the Connecticut energy assistance
3582 program to provide a three hundred dollar basic benefit to eligible
3583 households, as defined in the Connecticut energy assistance program
3584 state plan, whose gross annual income is not more than sixty per cent
3585 of the median state income by household size, and an additional two
3586 hundred dollar crisis assistance benefit for such households who have
3587 exhausted their basic benefit and are unable to secure primary heat,
3588 causing a life threatening situation, (3) to increase the number of
3589 households weatherized pursuant to the Connecticut energy assistance
3590 program, and (4) to increase the number of households receiving home
3591 heating equipment tune-ups and home energy efficiency measures
3592 pursuant to the home energy assistance and reimbursements for tune-
3593 ups on heating equipment grant program as administered pursuant to
3594 subsection (c) of section 2 of [this act] public act 05-2 of the October 25
3595 special session, as amended by section 1 of public act 05-4 of the
3596 October 25 special session.

3597 Sec. 78. Section 16a-41a of the general statutes is repealed and the
3598 following is substituted in lieu thereof (*Effective July 1, 2007*):

3599 (a) The Commissioner of Social Services shall submit to the joint
3600 standing committees of the General Assembly having cognizance of
3601 energy planning and activities, appropriations, and human services the
3602 following on the implementation of the block grant program
3603 authorized under the Low-Income Home Energy Assistance Act of
3604 1981, as amended:

3605 (1) Not later than August first, annually, a Connecticut energy
3606 assistance program annual plan which establishes guidelines for the
3607 use of funds authorized under the Low-Income Home Energy
3608 Assistance Act of 1981, as amended, and includes the following:

3609 (A) Criteria for determining which households are to receive
3610 emergency and weatherization assistance;

3611 (B) A description of systems used to ensure referrals to other energy
3612 assistance programs and the taking of simultaneous applications, as
3613 required under section 16a-41;

3614 (C) A description of outreach efforts;

3615 (D) Estimates of the total number of households eligible for
3616 assistance under the program and the number of households in which
3617 one or more elderly or physically disabled individuals eligible for
3618 assistance reside; and

3619 (E) Design of a basic grant for eligible households that does not
3620 discriminate against such households based on the type of energy used
3621 for heating;

3622 (2) Not later than January thirtieth, annually, a report covering the
3623 preceding months of the program year, including:

3624 (A) In each community action agency geographic area and
3625 Department of Social Services region, the number of fuel assistance
3626 applications filed, approved and denied, the number of emergency
3627 assistance requests made, approved and denied and the number of
3628 households provided weatherization assistance;

3629 (B) In each such area and district, the total amount of fuel,
3630 emergency and weatherization assistance, itemized by such type of
3631 assistance, and total expenditures to date; and

3632 (C) For each state-wide office of each state agency administering the
3633 program, each community action agency and each Department of
3634 Social Services region, administrative expenses under the program, by
3635 line item, and an estimate of outreach expenditures; and

3636 (3) Not later than November first, annually, a report covering the
3637 preceding twelve calendar months, including:

3638 (A) In each community action agency geographic area and
3639 Department of Social Services region, (i) seasonal totals for the
3640 categories of data submitted under subdivision (1) of this subsection,
3641 (ii) the number of households receiving fuel assistance in which elderly
3642 or physically disabled individuals reside, and (iii) the average
3643 combined benefit level of fuel, emergency and renter assistance;

3644 (B) Types of weatherization assistance provided;

3645 (C) Percentage of weatherization assistance provided to tenants;

3646 (D) The number of homeowners and tenants whose heat or total
3647 energy costs are not included in their rent receiving fuel and
3648 emergency assistance under the program by benefit level;

3649 (E) The number of homeowners and tenants whose heat is included
3650 in their rent and who are receiving assistance, by benefit level; and

3651 (F) The number of households receiving assistance, by energy type
3652 and total expenditures for each energy type.

3653 (b) The Commissioner of Social Services shall implement a program
3654 to purchase **[**number two home heating oil at a reduced rate for low-
3655 income households participating in the Connecticut energy assistance
3656 program and the state-appropriated fuel assistance program. Each
3657 agency administering a fuel assistance program shall submit reports,

3658 as requested by the commissioner, concerning pricing information
3659 from vendors of number two home heating oil participating in the
3660 program. Such information shall include, but not be limited to, a
3661 vendor's regular retail price per gallon of number two home heating
3662 oil, the reduced price per gallon paid by the state for the heating oil,
3663 the number of gallons delivered to the state under the program and the
3664 total savings under the program due to the purchase of number two
3665 home heating oil at a reduced rate] deliverable fuel for low-income
3666 households participating in the Connecticut energy assistance program
3667 and the state-appropriated fuel assistance program. The commissioner
3668 shall ensure that all fuel assistance recipients are treated the same as
3669 any other similarly situated customer and that no fuel vendor
3670 discriminates against fuel assistance program recipients who are under
3671 the vendor's standard payment, delivery, service or other similar
3672 plans. The commissioner shall take advantage of programs offered by
3673 fuel vendors that reduce the cost of the fuel purchased, including, but
3674 not limited to, fixed price, capped price, prepurchase or summer-fill
3675 programs that reduce program cost and that make the maximum use
3676 of program revenues. The commissioner shall ensure that all agencies
3677 administering the fuel assistance program shall make payments to
3678 program fuel vendors in advance of the delivery of energy where
3679 vendor provided price-management strategies require payments in
3680 advance.

3681 (c) Each community action agency administering a fuel assistance
3682 program shall submit reports, as requested by the Commissioner of
3683 Social Services, concerning pricing information from vendors of
3684 deliverable fuel participating in the program. Such information shall
3685 include, but not be limited to, the state-wide or regional retail price per
3686 unit of deliverable fuel, the reduced price per unit paid by the state for
3687 the deliverable fuel in utilizing price management strategies offered by
3688 program vendors for all consumers, the number of units delivered to
3689 the state under the program and the total savings under the program
3690 due to the purchase of deliverable fuel utilizing price-management
3691 strategies offered by program vendors for all consumers.

3692 (d) Each community action agency administering a fuel assistance
3693 program shall begin accepting applications for the program not later
3694 than September first of each year.

3695 Sec. 79. Section 16-262c of the general statutes is repealed and the
3696 following is substituted in lieu thereof (*Effective October 1, 2007*):

3697 (a) Notwithstanding any other provision of the general statutes no
3698 electric, electric distribution, gas, telephone or water company, no
3699 electric supplier or certified telecommunications provider, and no
3700 municipal utility furnishing electric, gas, telephone or water service
3701 shall cause cessation of any such service by reason of delinquency in
3702 payment for such service (1) on any Friday, Saturday, Sunday, legal
3703 holiday or day before any legal holiday, provided such a company,
3704 electric supplier, certified telecommunications provider or municipal
3705 utility may cause cessation of such service to a nonresidential account
3706 on a Friday which is not a legal holiday or the day before a legal
3707 holiday when the business offices of the company, electric supplier,
3708 certified telecommunications provider or municipal utility are open to
3709 the public the succeeding Saturday, (2) at any time during which the
3710 business offices of said company, electric supplier, certified
3711 telecommunications provider or municipal utility are not open to the
3712 public, or (3) within one hour before the closing of the business offices
3713 of said company, electric supplier or municipal utility.

3714 (b) (1) From November first to **[**April fifteenth**]** May first, inclusive,
3715 no electric or electric distribution company, as defined in section 16-1,
3716 as amended by this act, no electric supplier and no municipal utility
3717 furnishing electricity shall terminate or refuse to reinstate residential
3718 electric service in hardship cases where the customer lacks the
3719 financial resources to pay his or her entire account. From November
3720 first to **[**April fifteenth**]** May first, inclusive, no gas company and no
3721 municipal utility furnishing gas shall terminate or refuse to reinstate
3722 residential gas service in hardship cases where the customer uses such
3723 gas for heat and lacks the financial resources to pay his or her entire
3724 account, except a gas company that, between **[**April sixteenth**]** May

3725 second and October thirty-first, terminated gas service to a residential
3726 customer who uses gas for heat and who, during the previous period
3727 of November first to [April fifteenth] May first, had gas service
3728 maintained because of hardship status, may refuse to reinstate the gas
3729 service from November first to [April fifteenth] May first, inclusive,
3730 only if the customer has failed to pay, since the preceding November
3731 first, the lesser of: (A) Twenty per cent of the outstanding principal
3732 balance owed the gas company as of the date of termination, (B) one
3733 hundred dollars, or (C) the minimum payments due under the
3734 customer's amortization agreement. Notwithstanding any other
3735 provision of the general statutes to the contrary, no electric, electric
3736 distribution or gas company, no electric supplier and no municipal
3737 utility furnishing electricity or gas shall terminate or refuse to reinstate
3738 residential electric or gas service where the customer lacks the financial
3739 resources to pay his or her entire account and for which customer or a
3740 member of the customer's household the termination or failure to
3741 reinstate such service would create a life-threatening situation.

3742 (2) During any period in which a residential customer is subject to
3743 termination, an electric, electric distribution or gas company, an
3744 electric supplier or a municipal utility furnishing electricity or gas shall
3745 provide such residential customer whose account is delinquent an
3746 opportunity to enter into a reasonable amortization agreement with
3747 such company, electric supplier or utility to pay such delinquent
3748 account and to avoid termination of service. Such amortization
3749 agreement shall allow such customer adequate opportunity to apply
3750 for and receive the benefits of any available energy assistance
3751 program. An amortization agreement shall be subject to amendment
3752 on customer request if there is a change in the customer's financial
3753 circumstances.

3754 (3) As used in this section, (A) "household income" means the
3755 combined income over a twelve-month period of the customer and all
3756 adults, except children of the customer, who are and have been
3757 members of the household for six months or more, and (B) "hardship
3758 case" includes, but is not limited to: (i) A customer receiving local, state

3759 or federal public assistance; (ii) a customer whose sole source of
3760 financial support is Social Security, Veterans' Administration or
3761 unemployment compensation benefits; (iii) a customer who is head of
3762 the household and is unemployed, and the household income is less
3763 than three hundred per cent of the poverty level determined by the
3764 federal government; (iv) a customer who is seriously ill or who has a
3765 household member who is seriously ill; (v) a customer whose income
3766 falls below one hundred twenty-five per cent of the poverty level
3767 determined by the federal government; and (vi) a customer whose
3768 circumstances threaten a deprivation of food and the necessities of life
3769 for himself or dependent children if payment of a delinquent bill is
3770 required.

3771 (4) In order for a residential customer of a gas or electric distribution
3772 company using gas or electricity for heat to be eligible to have any
3773 moneys due and owing deducted from the customer's delinquent
3774 account pursuant to this subdivision, the company furnishing gas or
3775 electricity shall require that the customer (A) apply and be eligible for
3776 benefits available under the Connecticut energy assistance program or
3777 state appropriated fuel assistance program; (B) authorize the company
3778 to send a copy of the customer's monthly bill directly to any energy
3779 assistance agency for payment; (C) enter into and comply with an
3780 amortization agreement, which agreement is consistent with decisions
3781 and policies of the Department of Public Utility Control. Such an
3782 amortization agreement shall reduce a customer's payment by the
3783 amount of the benefits reasonably anticipated from the Connecticut
3784 energy assistance program, state appropriated fuel assistance program
3785 or other energy assistance sources. Unless the customer requests
3786 otherwise, the company shall budget a customer's payments over a
3787 twelve-month period with an affordable increment to be applied to
3788 any arrearage, provided such payment plan will not result in loss of
3789 any energy assistance benefits to the customer. If a customer
3790 authorizes the company to send a copy of his monthly bill directly to
3791 any energy assistance agency for payment, the energy assistance
3792 agency shall make payments directly to the company. If, on April

3793 thirtieth, a customer has been in compliance with the requirements of
3794 subparagraphs (A) to (C), inclusive, of this subdivision, during the
3795 period starting on the preceding November first, or from such time as
3796 the customer's account becomes delinquent, the company shall deduct
3797 from such customer's delinquent account an additional amount equal
3798 to the amount of money paid by the customer between the preceding
3799 November first and April thirtieth and paid on behalf of the customer
3800 through the Connecticut energy assistance program and state
3801 appropriated fuel assistance program. Any customer in compliance
3802 with the requirements of subparagraphs (A) to (C), inclusive, of this
3803 subdivision, on April thirtieth who continues to comply with an
3804 amortization agreement through the succeeding October thirty-first,
3805 shall also have an amount equal to the amount paid pursuant to such
3806 agreement and any amount paid on behalf of such customer between
3807 May first and the succeeding October thirty-first deducted from the
3808 customer's delinquent account. In no event shall the deduction of any
3809 amounts pursuant to this subdivision result in a credit balance to the
3810 customer's account. No customer shall be denied the benefits of this
3811 subdivision due to an error by the company. The Department of Public
3812 Utility Control shall allow the amounts deducted from the customer's
3813 account pursuant to the implementation plan, described in subdivision
3814 (5) of this subsection, to be recovered by the company in its rates as an
3815 operating expense, pursuant to said implementation plan. If the
3816 customer fails to comply with the terms of the amortization agreement
3817 or any decision of the department rendered in lieu of such agreement
3818 and the requirements of subparagraphs (A) to (C), inclusive, of this
3819 subdivision, the company may terminate service to the customer,
3820 pursuant to all applicable regulations, provided such termination shall
3821 not occur between November first and **[**April fifteenth**]** May first.

3822 (5) Each gas and electric distribution company shall submit to the
3823 Department of Public Utility Control annually, on or before July first,
3824 an implementation plan which shall include information concerning
3825 amortization agreements, counseling, reinstatement of eligibility, rate
3826 impacts and any other information deemed relevant by the

3827 department. The Department of Public Utility Control may, in
3828 consultation with the Office of Policy and Management, approve or
3829 modify such plan within ninety days of receipt of the plan. If the
3830 department does not take any action on such plan within ninety days
3831 of its receipt, the plan shall automatically take effect at the end of the
3832 ninety-day period, provided the department may extend such period
3833 for an additional thirty days by notifying the company before the end
3834 of the ninety-day period. Any amount recovered by a company in its
3835 rates pursuant to this subsection shall not include any amount
3836 approved by the Department of Public Utility Control as an
3837 uncollectible expense. The department may deny all or part of the
3838 recovery required by this subsection if it determines that the company
3839 seeking recovery has been imprudent, inefficient or acting in violation
3840 of statutes or regulations regarding amortization agreements.

3841 (6) On or after January 1, 1993, the Department of Public Utility
3842 Control may require gas companies to expand the provisions of
3843 subdivisions (4) and (5) of this subsection to all hardship customers.
3844 Any such requirement shall not be effective until November 1, 1993.

3845 (7) (A) All electric, electric distribution and gas companies, electric
3846 suppliers and municipal utilities furnishing electricity or gas shall
3847 collaborate in developing, subject to approval by the Department of
3848 Public Utility Control, standard provisions for the notice of
3849 delinquency and impending termination under subsection (a) of
3850 section 16-262d. Each such company and utility shall place on the front
3851 of such notice a provision that the company, electric supplier or utility
3852 shall not effect termination of service to a residential dwelling for
3853 nonpayment of disputed bills during the pendency of any complaint.
3854 In addition, the notice shall state that the customer must pay current
3855 and undisputed bill amounts during the pendency of the complaint.
3856 (B) At the beginning of any discussion with a customer concerning a
3857 reasonable amortization agreement, any such company or utility shall
3858 inform the customer (i) of the availability of a process for resolving
3859 disputes over what constitutes a reasonable amortization agreement,
3860 (ii) that the company, electric supplier or utility will refer such a

3861 dispute to one of its review officers as the first step in attempting to
3862 resolve the dispute, and (iii) that the company, electric supplier or
3863 utility shall not effect termination of service to a residential dwelling
3864 for nonpayment of a delinquent account during the pendency of any
3865 complaint, investigation, hearing or appeal initiated by the customer,
3866 unless the customer fails to pay undisputed bills, or undisputed
3867 portions of bills, for service received during such period. (C) Each such
3868 company, electric supplier and utility shall inform and counsel all
3869 customers who are hardship cases as to the availability of all public
3870 and private energy conservation programs, including programs
3871 sponsored or subsidized by such companies and utilities, eligibility
3872 criteria, where to apply, and the circumstances under which such
3873 programs are available without cost.

3874 (8) The Department of Public Utility Control shall adopt regulations
3875 in accordance with chapter 54 to carry out the provisions of this
3876 subsection. Such regulations shall include, but not be limited to,
3877 criteria for determining hardship cases and for reasonable
3878 amortization agreements, including appeal of such agreements, for
3879 categories of customers. Such regulations may include the
3880 establishment of a reasonable rate of interest which a company may
3881 charge on the unpaid balance of a customer's delinquent bill and a
3882 description of the relationship and responsibilities of electric suppliers
3883 to customers.

3884 (c) Each electric, electric distribution and gas company, electric
3885 supplier and municipal utility shall, not later than December first,
3886 annually, submit a report to the department and the General Assembly
3887 indicating (1) the number of customers in each of the following
3888 categories and the total delinquent balances for such customers as of
3889 the preceding **[**April fifteenth**]** <u>May first</u>: (A) Customers who are
3890 hardship cases and (i) who made arrangements for reasonable
3891 amortization agreements, (ii) who did not make such arrangements,
3892 and (B) customers who are nonhardship cases and who made
3893 arrangements for reasonable amortization, (2) (A) the number of
3894 heating customers receiving energy assistance during the preceding

3895 heating season and the total amount of such assistance, and (B) the
3896 total balance of the accounts of such customers after all energy
3897 assistance is applied to the accounts, (3) the number of hardship cases
3898 reinstated between November first of the preceding year and [April
3899 fifteenth] May first of the same year, the number of hardship cases
3900 terminated between [April fifteenth] May first of the same year and
3901 November first and the number of hardship cases reinstated during
3902 each month from [April] May to November, inclusive, of the same
3903 year, (4) the number of reasonable amortization agreements executed
3904 and the number breached during the same year by (A) hardship cases,
3905 and (B) nonhardship cases, and (5) the number of accounts of (A)
3906 hardship cases, and (B) nonhardship cases for which part or all of the
3907 outstanding balance is written off as uncollectible during the
3908 preceding year and the total amount of such uncollectibles.

3909 (d) Nothing in this section shall (1) prohibit a public service
3910 company, electric supplier or municipal utility from terminating
3911 residential utility service upon request of the customer or in
3912 accordance with section 16-262d upon default by the customer on an
3913 amortization agreement or collecting delinquent accounts through
3914 legal processes, including the processes authorized by section 16-262f,
3915 or (2) relieve such company, electric supplier or municipal utility of its
3916 responsibilities set forth in sections 16-262d and 16-262e to occupants
3917 of residential dwellings or, with respect to a public service company or
3918 electric supplier, the responsibilities set forth in section 19a-109.

3919 (e) No provision of the Freedom of Information Act, as defined in
3920 section 1-200, shall be construed to require or permit a municipal
3921 utility furnishing electric, gas or water service, a municipality
3922 furnishing water or sewer service, a district established by special act
3923 or pursuant to chapter 105 and furnishing water or sewer service or a
3924 regional authority established by special act to furnish water or sewer
3925 service to disclose records under the Freedom of Information Act, as
3926 defined in section 1-200, which identify or could lead to identification
3927 of the utility usage or billing information of individual customers, to
3928 the extent such disclosure would constitute an invasion of privacy.

3929 (f) If an electric supplier suffers a loss of revenue by operation of
3930 this section, the supplier may make a claim for such revenue to the
3931 department. The electric distribution company shall reimburse the
3932 electric supplier for such losses found to be reasonable by the
3933 department at the lower of (1) the price of the contract between the
3934 supplier and the customer, or (2) the electric distribution company's
3935 price to customers for default service, as determined by the
3936 department. The electric distribution company may recover such
3937 reimbursement, along with transaction costs, through the systems
3938 benefits charge.

3939 Sec. 80. Section 12-412 of the general statutes is amended by adding
3940 subdivisions (117) and (118) as follows (*Effective July 1, 2007, and*
3941 *applicable to sales occurring on or after July 1, 2007*):

3942 (NEW) (117) Sales of solar energy electricity generating systems and
3943 passive or active solar water or space heating systems and geo-thermal
3944 resource systems, including equipment related to such systems, and
3945 sales of services relating to the installation of such systems.

3946 (NEW) (118) Sales of ice storage systems used for cooling, including
3947 equipment related to such systems, and sales of services relating to the
3948 installation of such systems by a utility ratepayer who is billed by such
3949 utility on a time-of-service metering basis.

3950 Sec. 81. Section 12-412k of the general statutes is repealed and the
3951 following is substituted in lieu thereof (*Effective June 1, 2007*):

3952 (a) For purposes of this section, "residential weatherization
3953 products" means programmable thermostats, window film, caulking,
3954 window and door weather strips, insulation, water heater blankets,
3955 water heaters, natural gas and propane furnaces and boilers that meet
3956 the federal Energy Star standard, windows and doors that meet the
3957 federal Energy Star standard, oil furnaces and boilers that are not less
3958 than **[**eighty-five**]** <u>eighty-four</u> per cent efficient and **[**ground-based**]**
3959 <u>ground-source</u> heat pumps that meet the minimum federal energy
3960 efficiency rating.

3961 (b) Notwithstanding the provisions of the general statutes, **[**from
3962 November 25, 2005, to April 1, 2006, and from June 1, 2006, to June 30,
3963 2007,**]** the provisions of this chapter shall not apply to sales of any
3964 residential weatherization products <u>or compact fluorescent light bulbs</u>.

3965 Sec. 82. (NEW) (*Effective from passage*) Notwithstanding the
3966 provisions of the general statutes, from the effective date of this section
3967 to June 30, 2008, inclusive, the provisions of chapter 219 of the general
3968 statutes shall not apply to sales of any household appliance that meets
3969 the federal Energy Star standard.

3970 Sec. 83. Section 16-245a of the general statutes is amended by adding
3971 subsection (g) as follows (*Effective from passage*):

3972 (NEW) (g) (1) Notwithstanding the provisions of this section and
3973 section 16-244c, as amended by this act, for periods beginning on and
3974 after January 1, 2008, each electric distribution company may procure
3975 renewable energy certificates from Class I or Class II renewable energy
3976 sources through long-term contracting mechanisms. The electric
3977 distribution companies may enter into long-term contracts for not
3978 more than fifteen years to procure such renewable energy certificates.
3979 For purposes of determining compliance with renewable portfolio
3980 standard requirements the generation associated with the renewable
3981 energy certificates purchased pursuant to this section shall be credited
3982 against the required amounts of output and standard service or
3983 supplier of last resort service, pursuant to subsection (a) of this section,
3984 for the periods in which the output and services to which such
3985 renewable energy certificates apply are produced.

3986 (2) On or before July 1, 2007, the department shall initiate a
3987 contested case proceeding to examine the use of long-term contracts to
3988 procure Class I, Class II and Class III certificates. In such examination,
3989 the department shall determine (A) the impact of such contracts on
3990 price stability, fuel diversity and cost; (B) the method and timing of
3991 crediting of the procurement of renewable energy certificates against
3992 the renewable portfolio standard purchase obligations of electric

3993 suppliers and the electric distribution companies pursuant to
3994 subsection (a) of this section; (C) the terms and conditions, including
3995 reasonable performance assurance commitments, to be imposed on
3996 entities seeking to supply renewable energy certificates; (D) the level of
3997 one-time compensation, not to exceed one mill per kilowatt hour of
3998 output and services associated with the renewable energy certificates
3999 purchased pursuant to this subsection, which shall be payable to the
4000 electric distribution companies for administering the procurement
4001 provided for under this subsection and recovered as part of the
4002 generation services charge or through an appropriate nonbypassable
4003 rate component on customers' bills; (E) the manner in which costs for
4004 such program will be recovered from electric distribution company
4005 customers; and (F) any other issues the department deems appropriate.
4006 Revenues from such compensation shall not be included in calculating
4007 the electric distribution companies' earnings to determine if rates are
4008 just and reasonable, for earnings sharing mechanisms or for purposes
4009 of sections 16-19, 16-19a and 16-19e, as amended by this act.

4010 Sec. 84. Section 12-635 of the general statutes is repealed and the
4011 following is substituted in lieu thereof (*Effective July 1, 2007*):

4012 The Commissioner of Revenue Services shall grant a credit against
4013 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or
4014 212 (1) in an amount not to exceed **[**sixty**]** one hundred per cent of the
4015 total cash amount invested during the taxable year by the business
4016 firm in programs operated or created pursuant to proposals approved
4017 pursuant to section 12-632 for energy conservation projects directed
4018 toward properties occupied by persons, at least seventy-five per cent
4019 of whom are at an income level not exceeding one hundred fifty per
4020 cent of the poverty level for the year next preceding the year during
4021 which such tax credit is to be granted; **[**, or**]** (2) in an amount equal to
4022 one hundred per cent of the total cash amount invested during the
4023 taxable year by the business firm in programs operated or created
4024 pursuant to proposals approved pursuant to section 12-632 for energy
4025 conservation projects at properties owned or occupied by charitable
4026 corporations, foundations, trusts or other entities as determined under

4027 regulations adopted pursuant to this chapter; or (3) in an amount not
4028 to exceed sixty per cent of the total cash amount invested during the
4029 taxable year by the business firm in employment and training
4030 programs directed at youths, at least seventy-five per cent of whom are
4031 at an income level not exceeding one hundred fifty per cent of the
4032 poverty level for the year next preceding the year during which such
4033 tax credit is to be granted; in employment and training programs
4034 directed at handicapped persons as determined under regulations
4035 adopted pursuant to this chapter; in employment and training
4036 programs for unemployed workers who are fifty years of age or older;
4037 in education and employment training programs for recipients in the
4038 temporary family assistance program; or in child care services. Any
4039 other program which serves persons at least seventy-five per cent of
4040 whom are at an income level not exceeding one hundred fifty per cent
4041 of the poverty level for the year next preceding the year during which
4042 such tax credit is to be granted and which meets the standards for
4043 eligibility under this chapter shall be eligible for tax credit under this
4044 section.

4045 Sec. 85. (NEW) (*Effective July 1, 2007*) (a) For the purposes described
4046 in subsection (b) of this section, the State Bond Commission shall have
4047 the power, from time to time, to authorize the issuance of bonds of the
4048 state in one or more series and in principal amounts not exceeding in
4049 the aggregate thirty million dollars.

4050 (b) The proceeds of the sale of said bonds, to the extent of the
4051 amount stated in subsection (a) of this section, shall be used by the
4052 Department of Public Works for the purpose of funding the net project
4053 costs, or the balance of any projects after applying any public or
4054 private financial incentives available, for any energy services project
4055 that results in increased efficiency measures in state buildings.

4056 (c) All provisions of section 3-20 of the general statutes, or the
4057 exercise of any right or power granted thereby, which are not
4058 inconsistent with the provisions of this section are hereby adopted and
4059 shall apply to all bonds authorized by the State Bond Commission

4060 pursuant to this section, and temporary notes in anticipation of the
4061 money to be derived from the sale of any such bonds so authorized
4062 may be issued in accordance with said section 3-20 and from time to
4063 time renewed. Such bonds shall mature at such time or times not
4064 exceeding twenty years from their respective dates as may be provided
4065 in or pursuant to the resolution or resolutions of the State Bond
4066 Commission authorizing such bonds. None of said bonds shall be
4067 authorized except upon a finding by the State Bond Commission that
4068 there has been filed with it a request for such authorization which is
4069 signed by or on behalf of the Secretary of the Office of Policy and
4070 Management and states such terms and conditions as said commission,
4071 in its discretion, may require. Said bonds issued pursuant to this
4072 section shall be general obligations of the state and the full faith and
4073 credit of the state of Connecticut are pledged for the payment of the
4074 principal of and interest on said bonds as the same become due, and
4075 accordingly and as part of the contract of the state with the holders of
4076 said bonds, appropriation of all amounts necessary for punctual
4077 payment of such principal and interest is hereby made, and the State
4078 Treasurer shall pay such principal and interest as the same become
4079 due.

4080 Sec. 86. Section 10a-180 of the general statutes is amended by adding
4081 subsection (w) as follows (*Effective October 1, 2007*):

4082 (NEW) (w) To make grants or provide other forms of financial
4083 assistance to any institution of higher education, to any health care
4084 institution, to any nursing home, to any child care or child
4085 development facility and to any qualified nonprofit organization in
4086 such amounts, for energy efficient construction or renovation projects
4087 or renewable energy construction or renovation projects subject to
4088 such eligibility and other requirements the board establishes pursuant
4089 to written procedures adopted by the board of directors pursuant to
4090 subsection (h) of section 10a-179.

4091 Sec. 87. Section 5 of public act 05-2 of the October 25 special session
4092 is repealed and the following is substituted in lieu thereof (*Effective*

4093 *from passage*):

4094 Notwithstanding the provisions of section 16a-40b of the general
4095 statutes, as amended by section 5 of public act 05-191, for the fiscal
4096 year ending June 30, **[**2006**]** 2008, the range of rates of interest payable
4097 on all loans pursuant to subsection (b) of said section 16a-40b for
4098 purchases set forth in subsection (a) of said section 16a-40b, except for
4099 goods or services relating to **[**aluminum or vinyl siding,**]** replacement
4100 central air conditioning, **[**replacement roofs,**]** heat pumps or solar
4101 systems and passive solar additions, shall be not less than zero per cent
4102 for any applicant in the lowest income class and not more than three
4103 per cent for any applicant for whom the adjusted gross income of the
4104 household member or members who contribute to the support of the
4105 household was at least one hundred fifteen per cent of the median area
4106 income by household size.

4107 Sec. 88. Section 16a-2 of the general statutes is repealed and the
4108 following is substituted in lieu thereof (*Effective from passage*):

4109 As used in this chapter and sections 16a-45a, 16a-46, 16a-46a and
4110 16a-46b:

4111 (a) "Office" means the Office of Policy and Management;

4112 (b) "Board" means the Connecticut Energy Advisory Board;

4113 (c) "Secretary" means the Secretary of the Office of Policy and
4114 Management;

4115 (d) "Energy" means work or heat that is, or may be, produced from
4116 any fuel or source whatsoever;

4117 (e) "Energy emergency" means a situation where the health, safety
4118 or welfare of the citizens of the state is threatened by an actual or
4119 impending acute shortage in usable energy resources;

4120 (f) "Energy resource" means natural gas, petroleum products, coal
4121 and coal products, wood fuels, geothermal sources, radioactive

4122 materials and any other resource yielding energy;

4123 (g) "Person" means any individual, firm, partnership, association,
4124 syndicate, company, trust, corporation, limited liability company,
4125 municipality, agency or political or administrative subdivision of the
4126 state, or other legal entity of any kind;

4127 (h) "Service area" means any geographic area serviced by the same
4128 energy-producing public service company, as defined in section 16-1,
4129 as amended by this act;

4130 (i) "Renewable resource" means solar, wind, water, wood or other
4131 biomass source of energy and geothermal energy;

4132 (j) "Energy-related products" means (1) energy systems and
4133 equipment that utilize renewable resources to provide space heating or
4134 cooling, water heating, electricity or other useful energy, (2) insulation
4135 materials, and (3) equipment designed to conserve energy or increase
4136 the efficiency of its use, including that used for residential, commercial,
4137 industrial and transportation purposes;

4138 (k) "Energy-related services" means (1) the design, construction,
4139 installation, inspection, maintenance, adjustment or repair of energy-
4140 related products, (2) inspection, adjustment, maintenance or repair of
4141 any conventional energy system, (3) the performance of energy audits
4142 or the provision of energy management consulting services, and (4)
4143 weatherization activities carried out under any federal, state or
4144 municipal program;

4145 (l) "Conventional energy system" means any system for supplying
4146 space heating or cooling, ventilation or domestic or commercial hot
4147 water which is not included in subdivision (1) of subsection (j) of this
4148 section; **[**and**]**

4149 (m) "Energy supply" means any energy resource capable of being
4150 used to perform useful work and any form of energy such as electricity
4151 produced or derived from energy resources which may be so used;

4152 and

4153 (n) "Energy facility" means a structure that generates, transmits or
4154 stores electricity, natural gas, refined petroleum products, renewable
4155 fuels, coal and coal products, wood fuels, geothermal sources,
4156 radioactive material and other resources yielding energy.

4157 Sec. 89. Section 16a-7b of the general statutes is repealed and the
4158 following is substituted in lieu thereof (*Effective from passage*):

4159 (a) Not later than December 1, 2004, the Connecticut Energy
4160 Advisory Board shall develop infrastructure criteria guidelines for the
4161 evaluation process under subsection (f) of section 16a-7c, which
4162 guidelines shall be consistent with state environmental policy, state
4163 economic development policy, the state's policy regarding the
4164 restructuring of the electric industry, as set forth in section 16-244, and
4165 the findings in the comprehensive energy plan prepared pursuant to
4166 section 16a-7a, and shall include, but not be limited to, the following:
4167 (1) Environmental preference standards; (2) efficiency standards,
4168 including, but not limited to, efficiency standards for transmission,
4169 generation and demand-side management; (3) generation preference
4170 standards; (4) electric capacity, use trends and forecasted resource
4171 needs; (5) natural gas capacity, use trends and forecasted resource
4172 needs; and (6) national and regional reliability criteria applicable to the
4173 regional bulk power grid, as determined in consultation with the
4174 regional independent system operator, as defined in section 16-1. In
4175 developing environmental preference standards, the board shall
4176 consider the recommendations and findings of the task force
4177 established pursuant to section 25-157a and Executive Order Number
4178 26 of Governor John G. Rowland.

4179 (b) No municipality other than a municipality operating a plant
4180 pursuant to chapter 101 or any special act and acting for purposes
4181 thereto may take an action to condemn, in whole or in part, or restrict
4182 the operation of any existing and currently operating energy facility, if
4183 such facility is first determined by the Department of Public Utility

4184 Control, following a contested case proceeding, held in accordance
4185 with the provisions of chapter 54, to comprise a critical, unique and
4186 unmovable component of the state's energy infrastructure, unless the
4187 municipality first receives written approval from the department, the
4188 Office of Policy and Management, the Connecticut Energy Advisory
4189 Board and the Connecticut Siting Council that such taking would not
4190 have a detrimental impact on the state's or region's ability to provide a
4191 particular energy resource to its citizens.

4192 Sec. 90. Section 29-256a of the general statutes is repealed and the
4193 following is substituted in lieu thereof (*Effective October 1, 2007*):

4194 (a) The State Building Inspector and the Codes and Standards
4195 Committee shall revise the State Building Code to require that
4196 buildings and building elements be designed to provide optimum cost-
4197 effective energy efficiency over the useful life of the building. Such
4198 revision shall **[**meet**]** exceed by not less than twenty per cent the
4199 American Society of Heating, Refrigerating and Air Conditioning
4200 Engineers Standard 90.1 for new construction.

4201 (b) Notwithstanding subsection (a) of this section, the State Building
4202 Inspector and the Codes and Standards Committee shall revise the
4203 State Building Code to require that any (1) building, except a
4204 residential building, constructed after January 1, 2009, that is projected
4205 to cost not less than five million dollars, and (2) renovation to any
4206 building, except a residential building, started after January 1, 2009,
4207 that is projected to cost not less than two million dollars shall be built
4208 or renovated using building construction standards consistent with or
4209 exceeding the silver building rating of the Leadership in Energy and
4210 Environmental Design's rating system for new commercial
4211 construction and major renovation projects, as established by the
4212 United States Green Building Council, or an equivalent standard,
4213 including, but not limited to, a two-globe rating in the Green Globes
4214 USA design program. The inspector and the committee shall provide
4215 for an exemption for any building if the Institute for Sustainable
4216 Energy finds, in a written analysis, that the cost of such compliance

4217 significantly outweighs the benefits.

4218 Sec. 91. Subsection (a) of section 16-245e of the general statutes is
4219 amended by adding subdivisions (14) to (18), inclusive, as follows
4220 (*Effective from passage*):

4221 (NEW) (14) "State rate reduction bonds" means the rate reduction
4222 bonds issued on June 23, 2004, by the state to sustain funding of
4223 conservation and load management and renewable energy investment
4224 programs by substituting for disbursements to the General Fund from
4225 the Energy Conservation and Load Management Fund, established by
4226 section 16-245m, and from the Renewable Energy Investment Fund,
4227 established by section 16-245n, as amended by this act. The state rate
4228 reduction bonds for the purposes of section 4-30a shall be deemed to
4229 be outstanding indebtedness of the state;

4230 (NEW) (15) "Operating expenses" in connection with the state rate
4231 reduction bonds, means (A) all expenses, costs and liabilities of the
4232 state or the trustee incurred in connection with the administration or
4233 payment of the state rate reduction bonds or in discharge of its
4234 obligations and duties under the state rate reduction bonds or bond
4235 documents, expenses and other costs and expenses arising in
4236 connection with the state rate reduction bonds or pursuant to the
4237 financing order providing for the issuance of such bonds including any
4238 arbitrage rebate and penalties payable under the code in connection
4239 with such bonds, and (B) all fees and expenses payable or disbursable
4240 to the servicers or others under the bond documents;

4241 (NEW) (16) "Bond documents" means, in connection with the state
4242 rate reduction bonds, the following documents: The servicing
4243 agreements, the tax compliance agreement and certificate, and the
4244 continuing disclosure agreement entered into in connection with the
4245 state rate reduction bonds and the indenture;

4246 (NEW) (17) "Indenture" means, in connection with the state rate
4247 reduction bonds, the RRB Indenture, dated as of June 23, 2004, by and
4248 between the state and the trustee, as amended from time to time; and

4249 (NEW) (18) "Trustee" means in connection with the state rate
4250 reduction bonds the trustee appointed under the indenture.

4251 Sec. 92. Section 16-245e of the general statutes is amended by adding
4252 subsection (l) as follows (*Effective from passage*):

4253 (NEW) (l) The sum of ninety-five million dollars is appropriated to
4254 the Treasurer, from the General Fund, for the fiscal year ending June
4255 30, 2007, for the purpose of (1) defeasing the state rate reduction bonds
4256 maturing after December 30, 2007, by irrevocably depositing with the
4257 bond trustee in trust such appropriation to be used for the scheduled
4258 payments of principal and interest on the said state rate reduction
4259 bonds and paying operating expenses, (2) if the Treasurer determines
4260 it to be in the state's best interest, purchasing state rate reduction
4261 bonds maturing after December 30, 2007, in the open market on such
4262 terms and conditions as the Treasurer determines to be in the best
4263 interest of the state for purposes of satisfying such bonds, or (3)
4264 defeasing or satisfying the state rate reduction bonds maturing after
4265 December 30, 2007, by a combination of the methods described in
4266 subdivisions (1) and (2) of this subsection. Such appropriation is for
4267 the purpose of paying debt service on bonds or other evidences of
4268 indebtedness and related costs and expenses provided for in the
4269 indenture. After the defeasance or satisfaction of all outstanding state
4270 rate reduction bonds, the trustee shall deliver to the Treasurer or apply
4271 in accordance with the instructions of the Treasurer all moneys held by
4272 it not necessary to defease or satisfy such bonds or allocated to pay
4273 operating expenses. Such funds shall be first applied to satisfy any
4274 unpaid operating expenses. After payment of the operating expenses,
4275 seventy-five per cent of any remaining amounts shall be paid to the
4276 Energy Conservation and Load Management Fund, established
4277 pursuant to section 16-245m, and twenty-five per cent of such
4278 remaining amount shall be paid to the Renewable Energy Investment
4279 Fund, established pursuant to section 16-245n, as amended by this act.
4280 The Treasurer and the finance authority have the authority to take any
4281 necessary and appropriate actions to implement the defeasance or
4282 satisfaction of the state rate reduction bonds and the payment of all

4283 operating expenses so that the amount of state rate reduction charges
4284 which before defeasance secured the state rate reduction bonds can be
4285 applied to the Energy Conservation and Load Management Fund and
4286 the Renewable Energy Investment Fund.

4287 Sec. 93. Subsection (b) of section 16a-40b of the general statutes, as
4288 amended by section 1 of public act 07-64, is repealed and the following
4289 is substituted in lieu thereof (*Effective from passage*):

4290 (b) **[**Except as provided under subsection (c) of this section, any**]**
4291 Any such loan or deferred loan shall be available only for a residential
4292 structure containing not more than four dwelling units, shall be not
4293 less than four hundred dollars and not more than **[**fifteen**]** twenty-five
4294 thousand dollars per structure and, with respect to any application
4295 received on or after November 29, 1979, shall be made only to an
4296 applicant who submits evidence, satisfactory to the commissioner, that
4297 the adjusted gross income of the household member or members who
4298 contribute to the support of his household was not in excess of one
4299 hundred fifty per cent of the median area income by household size. In
4300 the case of a deferred loan, the contract shall require that payments on
4301 interest are due immediately but that payments on principal may be
4302 made at a later time. Repayment of all loans made under this
4303 subsection shall be subject to a rate of interest to be determined in
4304 accordance with subsection (t) of section 3-20 and such terms and
4305 conditions as the commissioner may establish. The State Bond
4306 Commission shall establish a range of rates of interest payable on all
4307 loans under this subsection and shall apply the range to applicants in
4308 accordance with a formula which reflects their income. Such range
4309 shall be not less than zero per cent for any applicant in the lowest
4310 income class and not more than one per cent above the rate of interest
4311 borne by the general obligation bonds of the state last issued prior to
4312 the most recent date such range was established for any applicant for
4313 whom the adjusted gross income of the household member or
4314 members who contribute to the support of his household does not
4315 exceed one hundred fifty per cent of the median area income by
4316 household size.

4317 Sec. 94. (*Effective July 1, 2007*) (a) For the purposes described in
4318 subsection (b) of this section, the State Bond Commission shall have
4319 the power, from time to time, to authorize the issuance of bonds of the
4320 state in one or more series and in principal amounts not exceeding in
4321 the aggregate thirty million dollars.

4322 (b) The proceeds of the sale of said bonds, to the extent of the
4323 amount stated in subsection (a) of this section, shall be used by
4324 Connecticut Innovations, Incorporated, for the purpose of funding the
4325 net project costs, or the balance of any projects after applying any
4326 public or private financial incentives available, for any renewable
4327 energy or combined heat and power projects in state buildings. The
4328 funds shall be made available through the Renewable Energy
4329 Investment Fund, established pursuant to section 16-245n of the
4330 general statutes, as amended by this act. Eligible state buildings shall
4331 be Leadership in Energy and Environmental Design (LEED) certified
4332 or in the process of becoming LEED certified, or certified to meet or
4333 exceed a two-globe rating in the Green Globes USA Design Program.

4334 (c) All provisions of section 3-20 of the general statutes, or the
4335 exercise of any right or power granted thereby, which are not
4336 inconsistent with the provisions of this section are hereby adopted and
4337 shall apply to all bonds authorized by the State Bond Commission
4338 pursuant to this section, and temporary notes in anticipation of the
4339 money to be derived from the sale of any such bonds so authorized
4340 may be issued in accordance with said section 3-20 and from time to
4341 time renewed. Such bonds shall mature at such time or times not
4342 exceeding twenty years from their respective dates as may be provided
4343 in or pursuant to the resolution or resolutions of the State Bond
4344 Commission authorizing such bonds. None of said bonds shall be
4345 authorized except upon a finding by the State Bond Commission that
4346 there has been filed with it a request for such authorization which is
4347 signed by or on behalf of the Secretary of the Office of Policy and
4348 Management and states such terms and conditions as said commission,
4349 in its discretion, may require. Said bonds issued pursuant to this
4350 section shall be general obligations of the state and the full faith and

4351 credit of the state of Connecticut are pledged for the payment of the
4352 principal of and interest on said bonds as the same become due, and
4353 accordingly and as part of the contract of the state with the holders of
4354 said bonds, appropriation of all amounts necessary for punctual
4355 payment of such principal and interest is hereby made, and the State
4356 Treasurer shall pay such principal and interest as the same become
4357 due.

4358 Sec. 95. (*Effective from passage*) During the calendar year 2007,
4359 Operation Fuel, Incorporated, shall establish a one-time clean-slate
4360 program to target low-income persons with high utility bill arrearages.
4361 Said program shall constitute a one-time grant based on the recipient's
4362 income and arrearage amount. Grants shall only apply to arrearages
4363 no more than twenty-four months old and shall not exceed one
4364 thousand dollars. Said program shall also incorporate case
4365 management services, including, but not limited to, budget counseling
4366 and assistance with utility payment programs.

4367 Sec. 96. Section 16a-41h of the general statutes is repealed and the
4368 following is substituted in lieu thereof (*Effective from passage*):

4369 (a) (1) Each electric **[**and**]** distribution company, gas company **[**, as
4370 defined in section 16-1, having at least seventy-five thousand
4371 customers**]** and municipal utility furnishing electric or gas service,
4372 shall include in its monthly bills a request to each customer to add a
4373 **[**one-dollar**]** donation in an amount designated by the customer to the
4374 bill payment. Such company shall provide to all of its customers the
4375 opportunity to donate one dollar, two dollars, three dollars or another
4376 amount on each bill provided to a customer either through the mail or
4377 electronically. Such designation shall be made available and included
4378 where customers are either electronically billed or bill payment is
4379 handled electronically. The opportunity to donate one dollar, two
4380 dollars, three dollars or another amount shall be included on the bill in
4381 such a way that facilitates such donations.

4382 (2) Operation Fuel, Incorporated, a state-wide nonprofit

4383 organization designed to respond to people within the state who are in
4384 financial crisis and need emergency energy assistance, shall provide
4385 fundraising inserts and remittance envelopes to retail dealers of fuel oil
4386 that volunteer to include the inserts and envelopes in their customers'
4387 bills for one or more billing cycles each year. Such retail dealers of fuel
4388 oil shall inform Operation Fuel, Incorporated, as to the number of
4389 inserts and envelopes needed to conduct such a mailing.

4390 (3) Each electric, gas or fuel oil company shall transmit all such
4391 donations received each month, as well as their own contributions, if
4392 any, to Operation Fuel, [Inc., a state-wide nonprofit organization
4393 designed to respond to people within the state who are in financial
4394 crisis and need emergency energy assistance. Donations] Incorporated.
4395 Operation Fuel, Incorporated shall [be distributed] distribute
4396 donations to nonprofit social services agencies and private fuel banks
4397 in accordance with guidelines established by the board of directors of
4398 Operation Fuel, Inc., provided such funds shall be distributed on a
4399 priority basis to low-income elderly and working poor households
4400 which are not eligible for public assistance or state-administered
4401 general assistance but are faced with a financial crisis and are unable to
4402 make timely payments on [winter] fuel, electricity or gas bills. Such
4403 companies shall coordinate their promotions of this program, holding
4404 promotions during the same month and using similar formats.

4405 (b) If Operation Fuel, Inc. ceases to exist, such electric and gas
4406 companies shall jointly establish a nonprofit, tax-exempt corporation
4407 for the purpose of holding in trust and distributing such customer
4408 donations. The board of directors of such corporation shall consist of
4409 eleven members appointed as follows: Four by the companies, each of
4410 which shall appoint one member; one by the president pro tempore of
4411 the Senate; one by the minority leader of the Senate; one by the speaker
4412 of the House of Representatives; one by the minority leader of the
4413 House of Representatives; and three by the Governor. The board shall
4414 distribute such funds to nonprofit organizations and social service
4415 agencies which provide emergency energy or fuel assistance. The
4416 board shall target available funding on a priority basis to low-income

4417 elderly and working poor households which are not eligible for public
4418 assistance or state-administered general assistance but are faced with a
4419 financial crisis and are unable to make timely payments on **[**winter**]**
4420 fuel, electricity or gas bills.

4421 (c) Not later than the first of September annually, Operation Fuel,
4422 Inc. shall submit to the General Assembly a report on the
4423 implementation of this section. Such report shall include, (1) a
4424 summary of the effectiveness of the program, (2) the total amount of
4425 the donations received by electric and gas companies and transmitted
4426 to Operation Fuel, Inc. under subsection (b) of this section, and (3) an
4427 accounting of the distribution of such funds by Operation Fuel, Inc.
4428 indicating the organizations and agencies receiving funds, the amounts
4429 received and distributed by each such organization and agency and
4430 the number of households each assisted. On and after October 1, 1996,
4431 the report shall be submitted to the joint standing committee of the
4432 General Assembly having cognizance of matters relating to energy
4433 and, upon request, to any member of the General Assembly. A
4434 summary of the report shall be submitted to each member of the
4435 General Assembly if the summary is two pages or less and a
4436 notification of the report shall be submitted to each member if the
4437 summary is more than two pages. Submission shall be by mailing the
4438 report, summary or notification to the legislative address of each
4439 member of the committee or the General Assembly, as applicable.

4440 Sec. 97. Section 4a-67d of the general statutes is repealed and the
4441 following is substituted in lieu thereof (*Effective from passage*):

4442 (a) The fleet average for cars or light duty trucks purchased by the
4443 state shall: (1) On and after October 1, 2001, have a United States
4444 Environmental Protection Agency estimated highway gasoline mileage
4445 rating of at least thirty-five miles per gallon and on and after January 1,
4446 2003, have a United States Environmental Protection Agency estimated
4447 highway gasoline mileage rating of at least forty miles per gallon, (2)
4448 comply with the requirements set forth in 10 CFR 490 concerning the
4449 percentage of alternative-fueled vehicles required in the state motor

4450 vehicle fleet, and (3) obtain the best achievable mileage per pound of
4451 carbon dioxide emitted in its class. The alternative-fueled vehicles
4452 purchased by the state to comply with said requirements shall be
4453 capable of operating on natural gas or electricity or any other system
4454 acceptable to the United States Department of Energy that operates on
4455 fuel that is available in the state.

4456 (b) Notwithstanding any other provisions of this section, (1) on and
4457 after January 1, 2008, any car or light duty truck purchased by the state
4458 shall have an efficiency rating that is in the top third of all vehicles in
4459 such purchased vehicle's class and fifty per cent of such cars and light
4460 duty trucks shall be alternative fueled, hybrid electric or plug-in
4461 electric vehicles, and (2) on and after January 1, 2010, any car or light
4462 duty truck purchased by the state shall have an efficiency rating that is
4463 in the top third of all vehicles in such purchased vehicle's class and one
4464 hundred per cent of such cars and light duty trucks shall be alternative
4465 fueled, hybrid electric or plug-in electric vehicles.

4466 **[**(b)**]** (c) The provisions of **[**subsection (a)**]** subsections (a) and (b) of
4467 this section shall not apply to cars or light duty trucks purchased for
4468 law enforcement or other special use purposes as designated by the
4469 Department of Administrative Services.

4470 **[**(c)**]** (d) As used in this section, the terms "car" and "light duty
4471 truck" shall be as defined in the United States Department of Energy
4472 Publication DOE/CE -0019/8, or any successor publication.

4473 Sec. 98. (NEW) (*Effective from passage*) If any existing electric
4474 generation plant within the state is offered for sale, the Department of
4475 Public Utility Control shall authorize the electric distribution
4476 companies to purchase and operate such plants if the department,
4477 through a contested case proceeding, determines that such purchase
4478 and operation is in the public interest, provided any acquisition plan
4479 shall include provisions for payment of property taxes on the value of
4480 the purchased plant and provisions for employee protections
4481 consistent with subdivision (3) of subsection (b) of section 16-244f of

4482 the general statutes. An electric distribution company purchasing such
4483 generation plants shall be entitled to recover the costs of such purchase
4484 in an annual retail generation rate contested case consistent with the
4485 principles set forth in sections 16-19, 16-19b and 16-19e of the general
4486 statutes, as amended by this act, provided the return on equity
4487 associated with such purchase and operation shall be established in
4488 said contested case proceeding and updated at least once every four
4489 years. The department shall review and approve the cost recovery
4490 provisions in the proceeding to determine that such purchase and
4491 operation are in the public interest.

4492 Sec. 99. (*Effective from passage*) On or before July 1, 2007, the Energy
4493 Conservation Management Board, established pursuant to section 16-
4494 245m of the general statutes, shall contract with an independent, third
4495 party to conduct an assessment of Connecticut's conservation and
4496 energy efficiency potential, including conservation, demand response
4497 and load management. Such assessment shall be considered an update
4498 to a similar assessment conducted by a third party in 2004. Not later
4499 than February 1, 2008, the board shall present the results of such
4500 assessment and its recommendations for cost-effective methods or
4501 mechanisms to fund new or expanded energy efficiency initiatives to
4502 address the energy efficiency potential determined in the assessment
4503 to the joint standing committee of the General Assembly having
4504 cognizance of matters relating to energy.

4505 Sec. 100. (NEW) (*Effective July 1, 2007*) (a) The Energy Conservation
4506 Management Board, established pursuant to section 16-245m of the
4507 general statutes, shall establish a plan to (1) reach zero per cent load
4508 growth by the year 2010, (2) describe in detail any existing Connecticut
4509 higher educational energy efficiency resources, (3) quantify the
4510 strategic role that energy efficiency programs can play in facilitating a
4511 transition to a more efficient and competitive business climate, and (4)
4512 identify measures that can be employed and investments in research
4513 that can be made to position the state as a national leader in energy
4514 efficiency.

4515 (b) On or before January 1, 2008, and annually thereafter, the board
4516 shall report on the progress of achieving, meeting or exceeding the
4517 goals set forth in the plan established pursuant to subsection (a) of this
4518 section to the Connecticut Energy Advisory Board, established
4519 pursuant to section 16a-3 of the general statutes, for comparison with
4520 and possible inclusion in any plan for the procurement of energy
4521 resources submitted to the Connecticut Energy Advisory Board by the
4522 electric distribution companies.

4523 Sec. 101. (NEW) (*Effective October 1, 2007*) On or before January 1,
4524 2008, the Energy Conservation Management Board, established
4525 pursuant to section 16-245m of the general statutes, shall design a
4526 program to be implemented by the electric distribution companies to
4527 provide cost-effective loans or award cost-effective grants to electric
4528 customers billed on a time of use basis for the construction and
4529 installation of cost-efficient energy storage units. The board shall
4530 present its program design to the Department of Public Utility Control
4531 for approval. Funding for any loans or grants awarded pursuant to this
4532 section shall be provided from the state's conservation and load
4533 management funds.

4534 Sec. 102. Subsection (a) of section 16-243n of the general statutes is
4535 repealed and the following is substituted in lieu thereof (*Effective from*
4536 *passage*):

4537 (a) Not later than October 1, 2005, each electric distribution
4538 company, as defined in section 16-1, <u>as amended by this act,</u> shall
4539 submit an application to the Department of Public Utility Control to (1)
4540 on or before January 1, 2007, implement mandatory peak, shoulder
4541 and off-peak time of use rates for <u>commercial or industrial</u> customers,
4542 <u>other than schools and municipal buildings,</u> that have a maximum
4543 demand of not less than three hundred fifty kilowatts, and (2) on or
4544 before June 1, 2006, offer optional interruptible or load response rates
4545 for customers that have a maximum demand of not less than three
4546 hundred fifty kilowatts and offer optional seasonal and time of use
4547 rates for all customers. The application shall propose to establish time

4548 of use rates through a procurement plan, revenue neutral adjustments
4549 to delivery rates, or both. Each electric distribution company shall
4550 continue to provide rates that are not time-of-use based for all
4551 residential customers, including a separate residential electric heating
4552 service rate, and for all other municipal customers and educational
4553 facilities.

4554 Sec. 103. (NEW) (*Effective from passage*) The Department of Public
4555 Utility Control shall direct an electric distribution company to
4556 negotiate, in good faith, long-term contracts for the electric energy
4557 output of each of the generation projects selected and approved by the
4558 department to provide capacity pursuant to section 16-243m of the
4559 general statutes, provided the rates paid for such electric energy
4560 output when added to the payments made pursuant to such capacity
4561 contracts shall be the project's cost of service including a reasonable
4562 rate of return. The electric distribution company shall apply to the
4563 department for approval of any such energy output contract. No such
4564 contract shall be effective unless approved by the department. The
4565 department may approve only such contracts it finds would reduce
4566 and stabilize the cost of electricity to Connecticut ratepayers. Such
4567 contract may not exceed the term of the capacity contract for such
4568 generation project.

4569 Sec. 104. (NEW) (*Effective July 1, 2007*) (a) The Department of Public
4570 Utility Control shall, in coordination with the Energy Conservation
4571 Management Board, established pursuant to section 16-245m of the
4572 general statutes, establish a state-wide energy efficiency and outreach
4573 marketing campaign to target the following sectors: (1) Commercial,
4574 including small businesses, (2) industrial, (3) governmental, (4)
4575 institutional, including schools, hospitals and nonprofits, (5)
4576 agricultural, and (6) residential.

4577 (b) The goals of the campaign established pursuant to subsection (a)
4578 of this section shall include, but not be limited to, (1) educating
4579 residents on the benefits of energy efficiency, (2) motivating said
4580 residents to take action to achieve lasting energy savings, (3) educating

4581 and informing said residents about the real-time energy report
4582 program prepared pursuant to section 105 of this act and the customer
4583 notification procedure prepared pursuant to section 106 of this act, and
4584 (4) supporting the energy efficiency programs already in existence.

4585 (c) On or before October 1, 2007, the department shall develop a
4586 plan to meet the goals of said campaign pursuant to subsection (b) of
4587 this section and, on or before January 1, 2008, the department shall
4588 implement said plan. Said plan shall include a coordinated range of
4589 marketing activities and outreach strategies, including, but not limited
4590 to, television, radio and newspaper advertisements, printed
4591 educational materials, events, a comprehensive web site resource
4592 serving all sectors, a biweekly electronic newsletter, planning forums
4593 and meetings throughout the state, and partnerships with businesses,
4594 government entities and nonprofit organizations.

4595 (d) On or before February 1, 2008, and on or before January 1, 2009,
4596 the department shall report to the joint standing committee of the
4597 General Assembly having cognizance of matters relating to energy, in
4598 accordance with the provisions of section 11-4a of the general statutes.
4599 Said report shall describe the design of the program established
4600 pursuant to this section, including, but not limited to, an accounting of
4601 money spent and planned expenditures and a method of measuring
4602 program effectiveness.

4603 Sec. 105. (NEW) (*Effective from passage*) (a) As part of the energy
4604 efficiency and outreach marketing campaign established pursuant to
4605 section 104 of this act, the Department of Public Utility Control shall, in
4606 consultation with the Energy Conservation Management Board,
4607 established pursuant to section 16-245m of the general statutes,
4608 develop recommendations for the implementation of a real-time
4609 energy report program for use on television, radio, the Internet and
4610 other media. Said program shall include, but not be limited to, (1)
4611 making such reports available through various media sources
4612 throughout the summer months each year, (2) producing such reports
4613 in a consumer-friendly fashion, and (3) developing a plan to promote

4614 and inform the public regarding such reports. The department shall
4615 report such recommendations to the joint standing committee of the
4616 General Assembly having cognizance of matters relating to energy not
4617 later than February 1, 2008.

4618 (b) The department's recommendations developed pursuant to
4619 subsection (a) of this section shall include, but not be limited to, the
4620 proposed design of a real-time energy report that will (1) identify the
4621 state's current real-time energy demand, along with how the demand
4622 has changed over the course of the day, and in the case of television
4623 news broadcasts, the real-time change between the beginning and end
4624 of the broadcast; (2) emphasize the importance of reducing peak
4625 demand and provide estimates of the money leaving the state and
4626 country because of our dependence on fossil fuels; and (3) provide tips
4627 on conservation measures, promote community and business
4628 competition to reduce energy consumption and give visibility to
4629 communities and businesses that have implemented energy saving
4630 changes or that are using renewable resources.

4631 (c) The department shall get the information needed to develop the
4632 real-time energy reports established pursuant to subsection (b) of this
4633 section from the regional independent system operator.

4634 Sec. 106. (NEW) (*Effective from passage*) On or before October 1, 2007,
4635 the Department of Public Utility Control shall determine a procedure
4636 for electric distribution companies, municipal electric utilities and
4637 municipal electric energy cooperatives to notify retail customers of a
4638 capacity deficiency situation and the potential for said companies,
4639 municipal utilities or energy cooperatives to take emergency actions,
4640 which will encourage the customers to reduce electricity use
4641 voluntarily to help reduce the capacity deficiency. On or before
4642 February 1, 2008, each electric distribution company, municipal utility
4643 or municipal electric energy cooperative shall submit a proposed
4644 customer notification procedure to the department for the
4645 department's consideration. Each company's, utility's or cooperative's
4646 costs related to such procedure and notification shall be recoverable as

4647 federally mandated congestion charges.

4648 Sec. 107. (*Effective July 1, 2007*) (a) For the purposes described in
4649 subsection (b) of this section, the State Bond Commission shall have
4650 the power, from time to time, to authorize the issuance of bonds of the
4651 state in one or more series and in principal amounts not exceeding in
4652 the aggregate fifty million dollars.

4653 (b) The proceeds of the sale of said bonds, to the extent of the
4654 amount stated in subsection (a) of this section, shall be used by
4655 Connecticut Innovations, Incorporated, for the purpose of providing
4656 grants-in-aid pursuant to section 108 of this act.

4657 (c) All provisions of section 3-20 of the general statutes, or the
4658 exercise of any right or power granted thereby, which are not
4659 inconsistent with the provisions of this section are hereby adopted and
4660 shall apply to all bonds authorized by the State Bond Commission
4661 pursuant to this section, and temporary notes in anticipation of the
4662 money to be derived from the sale of any such bonds so authorized
4663 may be issued in accordance with said section 3-20 and from time to
4664 time renewed. Such bonds shall mature at such time or times not
4665 exceeding twenty years from their respective dates as may be provided
4666 in or pursuant to the resolution or resolutions of the State Bond
4667 Commission authorizing such bonds. None of said bonds shall be
4668 authorized except upon a finding by the State Bond Commission that
4669 there has been filed with it a request for such authorization which is
4670 signed by or on behalf of the Secretary of the Office of Policy and
4671 Management and states such terms and conditions as said commission,
4672 in its discretion, may require. Said bonds issued pursuant to this
4673 section shall be general obligations of the state and the full faith and
4674 credit of the state of Connecticut are pledged for the payment of the
4675 principal of and interest on said bonds as the same become due, and
4676 accordingly and as part of the contract of the state with the holders of
4677 said bonds, appropriation of all amounts necessary for punctual
4678 payment of such principal and interest is hereby made, and the State
4679 Treasurer shall pay such principal and interest as the same become

4680 due.

4681 Sec. 108. (NEW) (*Effective from passage*) (a) There is established an
4682 account to be known as the "municipal renewable energy and efficient
4683 energy generation grant account", which shall be a separate,
4684 nonlapsing account within the Renewable Energy Investment Fund,
4685 established pursuant to section 16-245n of the general statutes, as
4686 amended by this act. The account shall contain any moneys required or
4687 permitted by law to be deposited in the account and any funds
4688 received from any public or private contributions, gifts, grants,
4689 donations, bequests or devises to the fund. Connecticut Innovations,
4690 Incorporated, may make grants-in-aid from the fund in accordance
4691 with the provisions of subsection (b) of this section.

4692 (b) Connecticut Innovations, Incorporated, in consultation with the
4693 Department of Public Utility Control, the Department of Education
4694 and the Department of Emergency Management and Homeland
4695 Security, shall establish a municipal renewable energy and efficient
4696 energy generation grant program. Connecticut Innovations,
4697 Incorporated, shall make grants under said program to municipalities
4698 for the purchase of (1) renewable energy sources, including solar
4699 energy, geothermal energy and fuel cells or other energy-efficient
4700 hydrogen-fueled energy, or (2) energy-efficient generation sources,
4701 including units providing combined heat-and-power operations with
4702 greater than sixty-five per cent efficiency or such higher efficiency level
4703 as Connecticut Innovations, Incorporated, may prescribe, for
4704 municipal buildings. Connecticut Innovations, Incorporated, shall give
4705 priority to applications for grants for disaster relief centers and high
4706 schools. Each grant shall be in an amount that makes the cost of
4707 purchasing and operating the renewable energy or energy-efficient
4708 generation source competitive with the municipality's current
4709 electricity expenses.

4710 (c) On or before October 1, 2007, Connecticut Innovations,
4711 Incorporated, shall develop an application for grants-in-aid under this
4712 section for the purpose of purchasing and operating renewable energy

4713 or energy-efficient generation sources and may receive applications
4714 from municipalities for such grants-in-aid on and after said date.
4715 Applications shall include, but not be limited to, a complete
4716 description of the proposed renewable energy or energy-efficient
4717 generation source.

4718 (d) Commencing with the fiscal year ending June 30, 2008, and for
4719 each of the five consecutive fiscal years thereafter, until the fiscal year
4720 ending June 30, 2012, not less than ten million dollars shall be available
4721 from the municipal renewable energy and efficient energy generation
4722 grant account for grants-in-aid to municipalities for the purpose of
4723 purchasing and operating renewable energy or energy-efficient
4724 generation sources. Any balance of such amount not used for such
4725 grants-in-aid during a fiscal year shall be carried forward for the fiscal
4726 year next succeeding for such grants-in-aid.

4727 (e) On or before January 1, 2009, and annually thereafter, the
4728 Department of Public Utility Control shall report on the effectiveness
4729 of said program to the joint standing committee of the General
4730 Assembly having cognizance of matters relating to energy.

4731 Sec. 109. Section 16-244c of the general statutes is amended by
4732 adding subsections (k) and (l) as follows (*Effective July 1, 2007*):

4733 (NEW) (k) (1) As used in this section:

4734 (A) "Participating electric supplier" means an electric supplier that is
4735 licensed by the department to provide electric service, pursuant to this
4736 subsection, to residential or small commercial customers.

4737 (B) "Residential customer" means a customer who is eligible for
4738 standard service and who takes electric distribution-related service
4739 from an electric distribution company pursuant to a residential tariff.

4740 (C) "Small commercial customer" means a customer who is eligible
4741 for standard service and who takes electric distribution-related service
4742 from an electric distribution company pursuant to a small commercial

4743 tariff.

4744 (D) "Qualifying electric offer" means an offer to provide full
4745 requirements commodity electric service and all other generation
4746 related service to a residential or small commercial customer at a fixed
4747 price per kilowatt hour for a term of not less than one year.

4748 (2) Electric distribution companies shall indicate to customers
4749 initiating new service or reinitiating service following a change of
4750 residence or business location that they have a choice of suppliers to
4751 provide electric generation service. Electric distribution companies
4752 shall direct customers expressing an interest in choosing a
4753 participating electric supplier to the department's web site or toll-free
4754 telephone number, to a participating electric supplier's web site or toll-
4755 free telephone number, or to other publicly available information on
4756 participating electric suppliers. The department shall not require any
4757 additional efforts on behalf of participating electric suppliers by
4758 electric distribution companies.

4759 (3) Not later than August 1, 2007, the department shall establish
4760 terms and conditions under which a participating electric supplier can
4761 be included in the referral program described in subdivision (2) of this
4762 subsection.

4763 (NEW) (l) (1) Each electric distribution company may offer to bill
4764 customers on behalf of participating electric suppliers and to pay such
4765 suppliers in a timely manner the amounts due such suppliers from
4766 customers for generation services, less a percentage of such amounts
4767 that reflects uncollectible bills and overdue payments. Each
4768 participating electric supplier shall reimburse the electric distribution
4769 companies for such program in full and in a timely manner under
4770 terms and conditions approved by the department.

4771 (2) Participating electric suppliers may, at their own expense,
4772 provide bill inserts advertising their services to provide electric
4773 generation service to residential and small commercial customers to be
4774 included by an electric distribution company in their customer's

4775 monthly utility bill. Said inserts shall specify the rates that will pertain
4776 to customers for the first year of service. Said rates shall reflect the
4777 actual cost to provide such services, including the actual generation
4778 rate and all additional charges and shall not contain any introductory
4779 discounted price for a fixed number of months. Said inserts shall also
4780 list a toll-free telephone number and web site for contacting the
4781 supplier.

4782 Sec. 110. (NEW) (*Effective July 1, 2007*) The Commissioner of
4783 Environmental Protection shall adopt regulations in accordance with
4784 the provisions of chapter 54 of the general statutes to establish a carbon
4785 cap and trade program that will limit and then reduce the total carbon
4786 emissions released by electric generating units or other units located in
4787 Connecticut in accordance with the Regional Greenhouse Gas Initiative
4788 Memorandum of Understanding, as may be amended. The
4789 Department of Environmental Protection, in consultation with the
4790 Department of Public Utility Control, shall auction all emissions
4791 allowances and invest the proceeds on behalf of electric ratepayers in
4792 energy conservation and load management programs and may also
4793 invest proceeds in new Class I renewable energy generation or
4794 combined heat and power if the Commissioner of Environmental
4795 Protection determines such investments will yield greenhouse gas
4796 emission reductions at equal or lesser cost per ton than additional
4797 investments in conservation. A contractor or trustee shall auction
4798 allowances under the oversight of the Department of Environmental
4799 Protection, in consultation with the Department of Public Utility
4800 Control. The Department of Environmental Protection may make
4801 provision for the payment of reasonable Regional Greenhouse Gas
4802 Initiative administrative costs and fund assessment and planning of
4803 measures to reduce emissions and mitigate the impacts of climate
4804 change and may initiate rulemaking to allow for recovery of costs
4805 directly attributable to the auction of allowances before December 31,
4806 2011, for power plants included in the Regional Greenhouse Gas
4807 Initiative Program that had long-term contracts for electric output in
4808 effect before December 20, 2005, from allowance proceeds not to

4809 exceed ten per cent of the total projected allowance value. (1) A de
4810 minimus portion of the allowances may be set aside to support the
4811 voluntary renewable energy provisions of the Regional Greenhouse
4812 Gas Initiative model rule. (2) Any allowances or allowance value
4813 allocated to the electric distribution companies on behalf of consumers
4814 or investments in increased efficiency shall be incorporated into the
4815 planning and procurement process in section 55 of this act.

4816 Sec. 111. (NEW) (*Effective July 1, 2007*) Competitive electric suppliers
4817 and aggregators may provide time-of-use pricing options to all
4818 customer classes. These pricing options may include, but not be
4819 limited to, hourly or real-time pricing options.

4820 Sec. 112. (NEW) (*Effective from passage*) (a) Notwithstanding any
4821 provisions of the general statutes, the Office of Policy and
4822 Management, in consultation with the Department of Public Works,
4823 shall develop a strategic plan to improve the management of energy
4824 use in state facilities. Such plan shall include, but not be limited to, a
4825 detailed description of the manner in which initiatives that make
4826 investments in energy efficiency, demand and load response,
4827 distributed generation, renewable energy and combined heat and
4828 power will be implemented.

4829 (b) On or before January 1, 2008, the Office of Policy and
4830 Management shall file such strategic plan with the joint standing
4831 committees of the General Assembly having cognizance of matters
4832 relating to appropriations and energy. Beginning on January 1, 2009,
4833 and every six months thereafter, the Office of Policy and Management
4834 shall file implementation status reports with said joint standing
4835 committees.

4836 (c) To carry out the purposes of this section, the Office of Policy and
4837 Management may perform all acts necessary for the negotiation,
4838 execution and administration of any contract that is reasonably
4839 incidental to and furthers the needs of the state and the purposes of
4840 this section. The Office of Policy and Management may also retain the

4841 services of a third party entity possessing the requisite managerial,
4842 technical and financial capacity, to perform some or all of the duties
4843 necessary to implement the provisions of said plan.

4844 (d) Any costs incurred by the state in complying with the provisions
4845 of this section shall be paid from annual state appropriations.

4846 Sec. 113. (NEW) (*Effective July 1, 2007*) Not later than September 1,
4847 2008, the Department of Public Utility Control shall initiate a contested
4848 case proceeding to review the performance of specific metering
4849 technology in a meter test or system test conducted by an electric
4850 distribution company within its service territory voluntarily or
4851 pursuant to the department's decision in docket number 05-10-03. The
4852 department shall analyze such performance for cost-effectiveness for
4853 commercial customers with an average monthly demand of less than
4854 three hundred fifty kilowatts and residential customers and account in
4855 such analysis for any stranded investment in existing metering
4856 technology and report its findings to the joint standing committee of
4857 the General Assembly having cognizance of matters relating to energy
4858 and the subcommittee with cognizance of matters relating to results-
4859 based accountability of the joint standing committee of the General
4860 Assembly having cognizance of matters relating to appropriations on
4861 or before January 1, 2009. If the department finds the installation of
4862 specific metering technology for commercial customers with an
4863 average monthly demand of less than three hundred fifty kilowatts
4864 and residential customers to be cost-effective and in the best interest of
4865 such customers, it may direct the electric distribution company that is
4866 the subject of the department's docket 05-10-03 to install such metering
4867 technology throughout its service territory to such customers,
4868 provided in no case shall the department direct such company to
4869 complete such installation before December 31, 2011.

4870 Sec. 114. (*Effective from passage*) (a) The sum of two million five
4871 hundred thousand dollars is appropriated to the Office of Policy and
4872 Management, from the General Fund, for the fiscal year ending June
4873 30, 2007, for the purpose of implementing the clean-slate program

4874 pursuant to section 95 of this act.

4875 (b) The sum of one million seven hundred fifty thousand dollars is
4876 appropriated to the Office of Policy and Management, from the
4877 General Fund, for the fiscal year ending June 30, 2007, for the purpose
4878 of expanding Operation Fuel, Incorporated, pursuant to section 16a-
4879 41h of the general statutes, as amended by this act.

4880 (c) The sum of seven hundred fifty thousand dollars is appropriated
4881 to the Office of Policy and Management, from the General Fund, for
4882 the fiscal year ending June 30, 2007, for Operation Fuel, Incorporated's
4883 infrastructure, technology support and case management services
4884 pursuant to section 16a-41h of the general statutes, as amended by this
4885 act."

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2007*	New section
Sec. 2	*from passage*	PA 05-2 of the October 25 Sp. Sess., Sec. 6
Sec. 3	*from passage*	New section
Sec. 4	*October 1, 2007*	New section
Sec. 5	*from passage*	New section
Sec. 6	*from passage*	New section
Sec. 7	*October 1, 2007*	16-32g
Sec. 8	*October 1, 2007*	16-19e(a)
Sec. 9	*from passage*	New section
Sec. 10	*from passage*	New section
Sec. 11	*January 1, 2008*	16a-38k
Sec. 12	*October 1, 2007*	16-243m(i)
Sec. 13	*October 1, 2007*	16a-48
Sec. 14	*from passage*	New section
Sec. 15	*from passage*	16-245l(a)
Sec. 16	*July 1, 2007*	New section
Sec. 17	*from passage*	16-245n(c)
Sec. 18	*October 1, 2007*	4a-67c
Sec. 19	*from passage*	New section
Sec. 20	*July 1, 2007*	16-243r

Sec. 21	*January 1, 2008*	New section
Sec. 22	*January 1, 2008*	12-412(110)
Sec. 23	*from passage*	New section
Sec. 24	*from passage*	New section
Sec. 25	*from passage*	New section
Sec. 26	*from passage*	New section
Sec. 27	*from passage*	New section
Sec. 28	*from passage*	New section
Sec. 29	*from passage*	New section
Sec. 30	*from passage*	New section
Sec. 31	*from passage*	New section
Sec. 32	*from passage*	New section
Sec. 33	*from passage*	New section
Sec. 34	*from passage*	New section
Sec. 35	*from passage*	New section
Sec. 36	*from passage*	New section
Sec. 37	*from passage*	New section
Sec. 38	*from passage*	New section
Sec. 39	*October 1, 2007*	16-243a(b)
Sec. 40	*October 1, 2007*	16-243a
Sec. 41	*October 1, 2007*	16-245n(a)
Sec. 42	*October 1, 2007*	16-243h
Sec. 43	*October 1, 2007*	16-245a
Sec. 44	*July 1, 2007*	New section
Sec. 45	*from passage*	New section
Sec. 46	*October 1, 2007*	16-243q
Sec. 47	*from passage*	16-1(a)(44)
Sec. 48	*October 1, 2007*	22a-6(a)
Sec. 49	*July 1, 2007*	New section
Sec. 50	*October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007*	12-81(57)
Sec. 51	*October 1, 2007, and applicable to assessment years commencing on or after October 1, 2007*	12-81(63)
Sec. 52	*from passage*	20-340
Sec. 53	*from passage*	16-244c
Sec. 54	*from passage*	New section
Sec. 55	*from passage*	New section

Sec. 56	*from passage*	New section
Sec. 57	*from passage*	16a-3
Sec. 58	*from passage*	New section
Sec. 59	*July 1, 2007*	New section
Sec. 60	*July 1, 2007*	New section
Sec. 61	*July 1, 2007*	16a-7c
Sec. 62	*July 1, 2007*	16a-7c(b)
Sec. 63	*July 1, 2007*	16-50l(a)(2)
Sec. 64	*from passage*	New section
Sec. 65	*July 1, 2007*	New section
Sec. 66	*from passage*	13a-126
Sec. 67	*July 1, 2007*	New section
Sec. 68	*October 1, 2007*	16-2(e)
Sec. 69	*July 1, 2007*	New section
Sec. 70	*from passage*	New section
Sec. 71	*October 1, 2007*	New section
Sec. 72	*July 1, 2007*	New section
Sec. 73	*July 1, 2007*	New section
Sec. 74	*October 1, 2007*	16-50k(a)
Sec. 75	*July 1, 2007*	16-244e(a)(6)
Sec. 76	*July 1, 2007*	16-19ss
Sec. 77	*July 1, 2007*	PA 05-2 of the October 25 Sp. Sess., Sec. 1
Sec. 78	*July 1, 2007*	16a-41a
Sec. 79	*October 1, 2007*	16-262c
Sec. 80	*July 1, 2007, and applicable to sales occurring on or after July 1, 2007*	12-412
Sec. 81	*June 1, 2007*	12-412k
Sec. 82	*from passage*	New section
Sec. 83	*from passage*	16-245a
Sec. 84	*July 1, 2007*	12-635
Sec. 85	*July 1, 2007*	New section
Sec. 86	*October 1, 2007*	10a-180
Sec. 87	*from passage*	PA 05-2 of the October 25 Sp. Sess., Sec. 5
Sec. 88	*from passage*	16a-2
Sec. 89	*from passage*	16a-7b
Sec. 90	*October 1, 2007*	29-256a
Sec. 91	*from passage*	16-245e(a)

Sec. 92	*from passage*	16-245e
Sec. 93	*from passage*	16a-40b(b)
Sec. 94	*July 1, 2007*	New section
Sec. 95	*from passage*	New section
Sec. 96	*from passage*	16a-41h
Sec. 97	*from passage*	4a-67d
Sec. 98	*from passage*	New section
Sec. 99	*from passage*	New section
Sec. 100	*July 1, 2007*	New section
Sec. 101	*October 1, 2007*	New section
Sec. 102	*from passage*	16-243n(a)
Sec. 103	*from passage*	New section
Sec. 104	*July 1, 2007*	New section
Sec. 105	*from passage*	New section
Sec. 106	*from passage*	New section
Sec. 107	*July 1, 2007*	New section
Sec. 108	*from passage*	New section
Sec. 109	*July 1, 2007*	16-244c
Sec. 110	*July 1, 2007*	New section
Sec. 111	*July 1, 2007*	New section
Sec. 112	*from passage*	New section
Sec. 113	*July 1, 2007*	New section
Sec. 114	*from passage*	New section