



# House of Representatives

**File No. 980**

General Assembly

January Session, 2009

**(Reprint of File No. 483)**

Substitute House Bill No. 6510  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 18, 2009

**AN ACT CONCERNING THE ESTABLISHMENT OF A PUBLIC POWER  
AUTHORITY, THE ENERGY CONSERVATION MANAGEMENT BOARD  
AND CERTAIN ENERGY CONSERVATION PLANS.**

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

1 Section 1. Section 4-5 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 As used in sections 4-6, 4-7 and 4-8, the term "department head"  
4 means Secretary of the Office of Policy and Management,  
5 Commissioner of Administrative Services, Commissioner of Revenue  
6 Services, Banking Commissioner, Commissioner of Children and  
7 Families, Commissioner of Consumer Protection, Commissioner of  
8 Correction, Commissioner of Economic and Community Development,  
9 State Board of Education, Commissioner of Emergency Management  
10 and Homeland Security, Commissioner of Environmental Protection,  
11 Commissioner of Agriculture, Commissioner of Public Health,  
12 Insurance Commissioner, Labor Commissioner, Liquor Control  
13 Commission, Commissioner of Mental Health and Addiction Services,  
14 Commissioner of Public Safety, Commissioner of Social Services,

15 Commissioner of Developmental Services, Commissioner of Motor  
16 Vehicles, Commissioner of Transportation, Commissioner of Public  
17 Works, Commissioner of Veterans' Affairs, Commissioner of Health  
18 Care Access, Chief Information Officer, the chairperson of the Public  
19 Utilities Control Authority, the executive director of the Board of  
20 Education and Services for the Blind, the chairperson of the  
21 Connecticut Electric Authority, the executive director of the  
22 Connecticut Commission on Culture and Tourism, the Ombudsman  
23 for Property Rights and the executive director of the Office of Military  
24 Affairs. As used in sections 4-6 and 4-7, "department head" also means  
25 the Commissioner of Education.

26 Sec. 2. Section 1-120 of the general statutes is repealed and the  
27 following is substituted in lieu thereof (*Effective October 1, 2009*):

28 As used in sections 1-120 to 1-123, inclusive:

29 (1) "Quasi-public agency" means the Connecticut Development  
30 Authority, Connecticut Innovations, Incorporated, Connecticut Health  
31 and Educational Facilities Authority, Connecticut Higher Education  
32 Supplemental Loan Authority, Connecticut Housing Finance  
33 Authority, Connecticut Housing Authority, Connecticut Resources  
34 Recovery Authority, Capital City Economic Development Authority,  
35 the Connecticut Electric Authority and Connecticut Lottery  
36 Corporation.

37 (2) "Procedure" means each statement, by a quasi-public agency, of  
38 general applicability, without regard to its designation, that  
39 implements, interprets or prescribes law or policy, or describes the  
40 organization or procedure of any such agency. The term includes the  
41 amendment or repeal of a prior regulation, but does not include,  
42 unless otherwise provided by any provision of the general statutes, (A)  
43 statements concerning only the internal management of any agency  
44 and not affecting procedures available to the public, and (B) intra-  
45 agency memoranda.

46 (3) "Proposed procedure" means a proposal by a quasi-public

47 agency under the provisions of section 1-121 for a new procedure or  
48 for a change in, addition to or repeal of an existing procedure.

49 Sec. 3. Subsection (l) of section 1-79 of the general statutes is  
50 repealed and the following is substituted in lieu thereof (*Effective*  
51 *October 1, 2009*):

52 (l) "Quasi-public agency" means the Connecticut Development  
53 Authority, Connecticut Innovations, Incorporated, Connecticut Health  
54 and Education Facilities Authority, Connecticut Higher Education  
55 Supplemental Loan Authority, Connecticut Housing Finance  
56 Authority, Connecticut Housing Authority, Connecticut Resources  
57 Recovery Authority, Lower Fairfield County Convention Center  
58 Authority, Capital City Economic Development Authority, the  
59 Connecticut Electric Authority and Connecticut Lottery Corporation.

60 Sec. 4. (NEW) (*Effective October 1, 2009*) (a) There is established a  
61 Connecticut Electric Authority, which shall consist of seven members:  
62 (1) One with experience in electricity regulation appointed by the  
63 president pro tempore of the Senate; (2) one with experience in  
64 electricity generation appointed by the speaker of the House of  
65 Representatives; (3) two with experience in electricity consumer issues  
66 one each appointed by the majority leaders of the Senate and the  
67 House of Representatives; (4) two with experience in electricity  
68 conservation issues appointed by the minority leaders of the Senate  
69 and the House of Representatives; and (5) the chairperson appointed  
70 by the Governor pursuant to section 4-7 of the general statutes. The  
71 members appointed pursuant to subdivisions (1) to (4), inclusive, of  
72 this subsection shall serve two-year terms coterminous with the term  
73 of the appointing authority. The chairperson of the Connecticut  
74 Electric Authority shall serve a four-year term, coterminous with the  
75 Governor's term, or, if said chairperson is appointed during the  
76 Governor's term, the appointment shall be for the remainder of the  
77 Governor's term.

78 (b) The Connecticut Electric Authority shall, in accordance with the

79 comprehensive plan approved pursuant to section 16a-3a of the  
80 general statutes, (1) increase the state's energy independence by  
81 promoting conservation and efficiency and the use of diverse  
82 indigenous and regional electric resources; (2) encourage the use of  
83 new electric technologies, particularly technologies that support  
84 economic development in the state and promote environmental  
85 sustainability; (3) minimize costs of electric services to state consumers  
86 while maintaining reliable service; (4) discourage undue price  
87 volatility of electric service; and (5) encourage competition, when in  
88 the interests of state consumers. The authority may own and operate  
89 electric power plants and may provide financial assistance, including  
90 low-interest loans to encourage the development of necessary electric  
91 generation facilities by the electric distribution companies or private  
92 entities, provided electricity generated at such facilities shall be sold  
93 through the electric distribution companies or the Connecticut  
94 Municipal Electric Energy Cooperative for use by Connecticut  
95 consumers at cost of service with a reasonable rate of return, as  
96 determined by the Department of Public Utility Control. The authority  
97 may enter into contracts with electricity generators, suppliers and such  
98 other persons as necessary to carry out the purposes of this section.

99 (c) The authority under the direction of the executive director may  
100 hire personnel and adopt any policies for internal organization as  
101 necessary and may contract with the Connecticut Municipal Electric  
102 Energy Cooperative for administrative services.

103 (d) The authority may negotiate contracts with electricity generators  
104 for the provision of electric generation services offered pursuant to  
105 subsection (c) of section 16-244c of the general statutes, as amended by  
106 this act. Such negotiation may be in connection with the provision of  
107 financing or other assistance to an electricity generation services  
108 supplier for the construction or reconstruction of a generation facility.  
109 Such contracts shall be in the best interests of ratepayers and shall offer  
110 a reduction in electricity costs to those consumers receiving electric  
111 generation services pursuant to said subsection. The Department of  
112 Public Utility Control, in consultation with the electric distribution

113 companies, shall review such contracts and shall approve a contract if  
114 the department determines that such contracts are consistent with the  
115 principles of section 16-19e of the general statutes, as amended by this  
116 act, and in the best interests of ratepayers and reduce electricity costs  
117 to those consumers receiving electric generation services pursuant to  
118 said subsection. Upon the department's approval, an electric  
119 distribution company shall enter into such contract with the approved  
120 electric generation services supplier.

121 Sec. 5. Section 16a-3b of the general statutes is repealed and the  
122 following is substituted in lieu thereof (*Effective October 1, 2009*):

123 (a) The [Department of Public Utility Control] Connecticut Electric  
124 Authority shall oversee the implementation of the procurement plan  
125 approved by the Department of Public Utility Control pursuant to  
126 section 16a-3a. The electric distribution companies shall implement the  
127 demand-side measures, including, but not limited to, energy  
128 efficiency, load management, demand response, combined heat and  
129 power facilities, distributed generation and other emerging energy  
130 technologies, specified in said procurement plan through the  
131 comprehensive conservation and load management plan prepared  
132 pursuant to section 16-245m, as amended by this act, for review by the  
133 Energy Conservation Management Board. The electric distribution  
134 companies shall submit proposals to appropriate regulatory agencies  
135 to address transmission and distribution upgrades as specified in said  
136 procurement plan.

137 (b) If the procurement plan specifies the construction of a generating  
138 facility, the [department] Connecticut Electric Authority shall develop  
139 and issue a request for proposals, shall publish such request for  
140 proposals in one or more newspapers or periodicals, as selected by the  
141 [department] Connecticut Electric Authority, and shall post such  
142 request for proposals on its web site. Pursuant to a nondisclosure  
143 agreement, the [department] Connecticut Electric Authority shall make  
144 available to the Office of Consumer Counsel and the Attorney General  
145 all confidential bid information it receives pursuant to this subsection,

146 provided the bids and any analysis of such bids shall not be subject to  
147 disclosure under the Freedom of Information Act. Three months after  
148 the [department] Connecticut Electric Authority issues a final decision,  
149 it shall make available all financial bid information, provided such  
150 information regarding the bidders not selected be presented in a  
151 manner that conceals the identities of such bidders.

152 (1) On and after July 1, 2008, an electric distribution company may  
153 submit proposals in response to a request for proposals on the same  
154 basis as other respondents to the solicitation. A proposal submitted by  
155 an electric distribution company shall include its full projected costs  
156 such that any project costs recovered from or defrayed by ratepayers  
157 are included in the projected costs. An electric distribution company  
158 submitting any such bid shall demonstrate to the satisfaction of the  
159 [department] Connecticut Electric Authority that its bid is not  
160 supported in any form of cross subsidization by affiliated entities. If  
161 the [department] Connecticut Electric Authority approves such electric  
162 distribution company's proposal, the costs and revenues of such  
163 proposal shall not be included in calculating such company's earning  
164 for purposes of, or in determining whether its rates are just and  
165 reasonable under, sections 16-19, 16-19a and 16-19e, as amended by  
166 this act. An electric distribution company shall not recover more than  
167 the full costs identified in any approved proposal. Affiliates of the  
168 electric distribution company may submit proposals pursuant to  
169 section 16-244h, regulations adopted pursuant to section 16-244h and  
170 other requirements the [department] Connecticut Electric Authority  
171 may impose.

172 (2) If the [department] Connecticut Electric Authority selects a  
173 nonelectric distribution company proposal, an electric distribution  
174 company shall, within thirty days of the selection of a proposal by the  
175 [department] Connecticut Electric Authority, negotiate in good faith  
176 the final terms of a contract with a generating facility and shall apply  
177 to the department for approval of such contract. Upon [department]  
178 Connecticut Electric Authority approval, the electric distribution  
179 company shall enter into such contract.

180 (3) The [department] Connecticut Electric Authority shall determine  
181 the appropriate manner of cost recovery for proposals selected  
182 pursuant to this section.

183 (4) The [department] Connecticut Electric Authority may retain the  
184 services of a third-party entity with expertise in the area of energy  
185 procurement to oversee the development of the request for proposals  
186 and to assist the [department] Connecticut Electric Authority in its  
187 approval of proposals pursuant to this section. The reasonable and  
188 proper expenses for retaining such third-party entity shall be  
189 recoverable through the generation services charge.

190 (c) The electric distribution companies shall issue requests for  
191 proposals to acquire any other resource needs not identified in  
192 subsection (a) or (b) of this section but specified in the procurement  
193 plan approved by the Department of Public Utility Control pursuant to  
194 section 16a-3a. Such requests for proposals shall be subject to approval  
195 by the [department] Connecticut Electric Authority.

196 Sec. 6. Section 16a-3c of the general statutes is repealed and the  
197 following is substituted in lieu thereof (*Effective October 1, 2009*):

198 (a) On and after July 1, 2009, if the [Department of Public Utility  
199 Control] Connecticut Electric Authority does not receive and approve  
200 proposals pursuant to the requests for proposals processes, pursuant  
201 to section 16a-3b, as amended by this act, sufficient to reach the goal  
202 set by the plan approved pursuant to section 16a-3a, the [department]  
203 Connecticut Electric Authority may order an electric distribution  
204 company to submit for the [department's] Connecticut Electric  
205 Authority's review in a contested case proceeding, in accordance with  
206 chapter 54, a proposal to build and operate an electric generation  
207 facility in the state. An electric distribution company shall be eligible to  
208 recover its prudently incurred costs consistent with the principles set  
209 forth in section 16-19e, as amended by this act, for any generation  
210 project approved pursuant to this section.

211 (b) On or before January 1, 2008, the [department] Connecticut

212 Electric Authority shall initiate a contested case proceeding to  
213 determine the costs and benefits of the state serving as the builder of  
214 last resort for the shortfall of megawatts from said request for proposal  
215 process.

216 Sec. 7. Section 16-245l of the general statutes is repealed and the  
217 following is substituted in lieu thereof (*Effective October 1, 2009*):

218 (a) The Department of Public Utility Control, in consultation with  
219 the Connecticut Electric Authority, shall establish and each electric  
220 distribution company shall collect a systems benefits charge to be  
221 imposed against all end use customers of each electric distribution  
222 company beginning January 1, 2000. The department shall hold a  
223 hearing that shall be conducted as a contested case in accordance with  
224 chapter 54 to establish the amount of the systems benefits charge. The  
225 department may revise the systems benefits charge or any element of  
226 said charge as the need arises. The systems benefits charge shall be  
227 used to fund (1) the expenses of the public education outreach  
228 program developed under subsections (a), (f) and (g) of section 16-  
229 244d other than expenses for department staff, (2) the reasonable and  
230 proper expenses of the education outreach consultant pursuant to  
231 subsection (d) of section 16-244d, (3) the cost of hardship protection  
232 measures under sections 16-262c and 16-262d and other hardship  
233 protections, including, but not limited to, electric service bill payment  
234 programs, funding and technical support for energy assistance, fuel  
235 bank and weatherization programs and weatherization services, (4) the  
236 payment program to offset tax losses described in section 12-94d, (5)  
237 any sums paid to a resource recovery authority pursuant to subsection  
238 (b) of section 16-243e, (6) low income conservation programs approved  
239 by the Department of Public Utility Control, (7) displaced worker  
240 protection costs, (8) unfunded storage and disposal costs for spent  
241 nuclear fuel generated before January 1, 2000, approved by the  
242 appropriate regulatory agencies, (9) postretirement safe shutdown and  
243 site protection costs that are incurred in preparation for  
244 decommissioning, (10) decommissioning fund contributions, (11) the  
245 costs of temporary electric generation facilities incurred pursuant to

246 section 16-19ss, (12) operating expenses for the Connecticut Electric  
247 Authority and the Connecticut Energy Advisory Board, (13) costs  
248 associated with the Connecticut electric efficiency partner program  
249 established pursuant to section 16-243v, (14) reinvestments and  
250 investments in energy efficiency programs and technologies pursuant  
251 to section 16a-38l, costs associated with the electricity conservation  
252 incentive program established pursuant to section 119 of public act 07-  
253 242\*, and (15) legal, appraisal and purchase costs of a conservation or  
254 land use restriction and other related costs as the department in its  
255 discretion deems appropriate, incurred by a municipality on or before  
256 January 1, 2000, to ensure the environmental, recreational and scenic  
257 preservation of any reservoir located within this state created by a  
258 pump storage hydroelectric generating facility. As used in this  
259 subsection, "displaced worker protection costs" means the reasonable  
260 costs incurred, prior to January 1, 2008, (A) by an electric supplier,  
261 exempt wholesale generator, electric company, an operator of a  
262 nuclear power generating facility in this state or a generation entity or  
263 affiliate arising from the dislocation of any employee other than an  
264 officer, provided such dislocation is a result of (i) restructuring of the  
265 electric generation market and such dislocation occurs on or after July  
266 1, 1998, or (ii) the closing of a Title IV source or an exempt wholesale  
267 generator, as defined in 15 USC 79z-5a, on or after January 1, 2004, as a  
268 result of such source's failure to meet requirements imposed as a result  
269 of sections 22a-197 and 22a-198, as amended by this act, and this  
270 section or those Regulations of Connecticut State Agencies adopted by  
271 the Department of Environmental Protection, as amended from time to  
272 time, in accordance with Executive Order Number 19, issued on May  
273 17, 2000, and provided further such costs result from either the  
274 execution of agreements reached through collective bargaining for  
275 union employees or from the company's or entity's or affiliate's  
276 programs and policies for nonunion employees, and (B) by an electric  
277 distribution company or an exempt wholesale generator arising from  
278 the retraining of a former employee of an unaffiliated exempt  
279 wholesale generator, which employee was involuntarily dislocated on  
280 or after January 1, 2004, from such wholesale generator, except for

281 cause. "Displaced worker protection costs" includes costs incurred or  
282 projected for severance, retraining, early retirement, outplacement,  
283 coverage for surviving spouse insurance benefits and related expenses.  
284 "Displaced worker protection costs" does not include those costs  
285 included in determining a tax credit pursuant to section 12-217bb.

286 (b) The amount of the systems benefits charge shall be determined  
287 by the department in a general and equitable manner and shall be  
288 imposed on all end use customers of each electric distribution  
289 company at a rate that is applied equally to all customers of the same  
290 class in accordance with methods of allocation in effect on July 1, 1998,  
291 provided the system benefits charge shall not be imposed on  
292 customers receiving services under a special contract which is in effect  
293 on July 1, 1998, until such special contracts expire. The system benefits  
294 charge shall be imposed beginning on January 1, 2000, on all customers  
295 receiving services under a special contract which are entered into or  
296 renewed after July 1, 1998. The systems benefits charge shall have a  
297 generally applicable manner of determination that may be measured  
298 on the basis of percentages of total costs of retail sales of generation  
299 services. The systems benefits charge shall be payable on an equal  
300 basis on the same payment terms and shall be eligible or subject to  
301 prepayment on an equal basis. Any exemption of the systems benefits  
302 charge by customers under a special contract shall not result in an  
303 increase in rates to any customer.

304 Sec. 8. (NEW) (*Effective October 1, 2010*) (a) Subject to the approval of  
305 the State Bond Commission established pursuant to section 3-20 of the  
306 general statutes, the authority may borrow money and issue bonds  
307 and notes from time to time and use the proceeds thereof for the  
308 purposes of implementing the provisions of the comprehensive plan  
309 approved pursuant to section 16a-3a of the general statutes. All such  
310 bonds issued by the authority, secured by a special capital reserve  
311 fund within the meaning of subsection (b) of section 12 of this act, shall  
312 be general obligations of the authority payable out of any revenues or  
313 other receipts, funds or moneys of the authority, subject only to any  
314 agreements with the holders of particular notes or bonds pledging any

315 particular revenues, receipts, funds or moneys, provided the authority  
316 may issue general obligation bonds of the authority without the  
317 security of a special capital reserve fund. Any other such bonds or  
318 notes not issued in anticipation of the issuance of bonds referred to in  
319 the preceding sentence shall be special obligations of the authority  
320 payable solely out of any revenues or other receipts, funds or moneys  
321 of the authority pledged therefore. All such notes and bonds may be  
322 executed and delivered in such manner and at such times, in such form  
323 and denominations and of such tenor and maturity or maturities, in  
324 bearer or registered form, as to principal and interest or as to principal  
325 alone, may be payable at such time or times not exceeding forty years  
326 from the date thereof, may be payable at such place or places whether  
327 within or without the state, may bear interest at such rate or rates  
328 payable at such time or times and at such place or places and  
329 evidenced in such manner, and may contain such provisions not  
330 inconsistent with sections 8 to 13, inclusive, of this act, as shall be  
331 provided in the resolution of the authority authorizing the issuance of  
332 the bonds and notes.

333 (b) Issuance by the authority of one or more series of bonds or notes  
334 for one or more purposes shall not preclude it from issuing other  
335 bonds or notes in connection with the same project or any other  
336 projects, but the proceeding wherein any subsequent bonds or notes  
337 may be issued shall recognize and protect any prior pledge or  
338 mortgage made for any prior issue of bonds or notes unless in the  
339 resolution authorizing such prior issue the right is reserved to issue  
340 subsequent bonds on a parity with such prior issue.

341 (c) Subject to the approval of the State Bond Commission  
342 established pursuant to section 3-20 of the general statutes, any bonds  
343 or notes of the authority may be sold at such price or prices, at public  
344 or private sale, in such manner and from time to time as may be  
345 determined by the authority, and the authority may pay all expenses,  
346 premiums and commissions it may deem necessary or advantageous  
347 in connection with the issuance and sale thereof; and any moneys of  
348 the authority, including proceeds from the sale of any bonds and

349 notes, and revenues, receipts and income from any of its projects, may  
350 be invested and reinvested in such obligations, securities and other  
351 investments, including time deposits or certificates of deposit, or  
352 deposited or redeposited in such bank or banks as shall be provided in  
353 the resolution or resolutions authorizing the issuance of the bonds and  
354 notes.

355 (d) The authority may issue its bonds for the purpose of refunding  
356 any bonds of the authority then outstanding, including the payment of  
357 any redemption premium thereon and any interest accrued or to  
358 accrue to the earliest or subsequent date of redemption, purchase or  
359 maturity of such bonds, and, if deemed advisable by the authority, for  
360 the additional purpose of paying all or any part of the cost of  
361 constructing and acquiring additions, improvements, extensions or  
362 enlargements of a project or any portion thereof. The proceeds of any  
363 such bonds issued for the purpose of refunding outstanding bonds  
364 may, in the discretion of the authority, be applied to the purchase or  
365 retirement at maturity or redemption of such outstanding bonds either  
366 on their earliest or any subsequent redemption date, and may, pending  
367 such application, be placed in escrow to be applied to such purchase or  
368 retirement at maturity or redemption on such date as may be  
369 determined by the authority.

370 (e) Whether or not the bonds or notes are of such form and character  
371 as to be negotiable instruments under article 8 of title 42a of the  
372 general statutes, the bonds or notes shall be and are hereby made  
373 negotiable instruments within the meaning of and for all the purposes  
374 of article 8 of said title 42a, subject only to the provisions of the bonds  
375 or notes for registration.

376 (f) The principal of and interest on bonds or notes issued by the  
377 authority may be secured by a pledge of any revenues and receipts of  
378 the authority derived from any project and may be additionally  
379 secured by a mortgage or deed of trust covering all or any part of a  
380 project, including any additions, improvements, extensions to or  
381 enlargements of any projects thereafter made. Such bonds or notes

382 may also be secured by a pledge or assignment of a loan agreement,  
383 conditional sale agreement or agreement of sale or by an assignment of  
384 the lease of any project for the construction and acquisition of which  
385 said bonds or notes are issued and by an assignment of the revenues  
386 and receipts derived by the authority from such project. The payments  
387 of principal and interest on such bonds or notes may be additionally  
388 secured by a pledge of any other property, revenues, moneys or funds  
389 available to the authority for such purpose. The resolution authorizing  
390 the issuance of any such bonds or notes and any such mortgage or  
391 deed of trust or lease or loan agreement, conditional sale agreement or  
392 agreement of sale or credit agreement may contain agreements and  
393 provisions respecting the establishment of reserves to secure such  
394 bonds or notes, the maintenance and insurance of the projects covered  
395 thereby, the fixing and collection of rents for any portion thereof leased  
396 by the authority to others or the sums to be paid under any conditional  
397 sale agreement or agreement of sale entered into by the authority with  
398 others, the creation and maintenance of special funds from such  
399 revenues and the rights and remedies available in the event of default,  
400 the vesting in a trustee or trustees of such property, rights, powers and  
401 duties in trust as the authority may determine, which may include any  
402 or all of the rights, powers and duties of any trustee appointed by the  
403 holders of any bonds and notes and limiting or abrogating the right of  
404 the holders of any bonds and notes of the authority to appoint a trustee  
405 under the provisions of sections 8 to 13, inclusive, of this act, or  
406 limiting the rights, powers and duties of such trustee; provision for a  
407 trust agreement by and between the authority and a corporate trust  
408 which may be any trust company or bank having the powers of a trust  
409 company within or without the state, which agreement may provide  
410 for the pledging or assigning of any revenues or assets or income from  
411 assets to which or in which the authority has any rights or interest, and  
412 may further provide for such other rights and remedies exercisable by  
413 the trustee as may be proper for the protection of the holders of any  
414 bonds or notes and not otherwise in violation of law, and such  
415 agreement may provide for the restriction of the rights of any  
416 individual holder of bonds or notes of the authority and may contain

417 any further provisions which are reasonable to delineate further the  
418 respective rights, duties, safeguards, responsibilities and liabilities of  
419 the authority; persons and collective holders of bonds or notes of the  
420 authority and the trustee; and covenants to do or refrain from doing  
421 such acts and things as may be necessary or convenient or desirable in  
422 order to better secure any bonds or notes of the authority, or which, in  
423 the discretion of the authority, will tend to make any bonds or notes to  
424 be issued more marketable notwithstanding that such covenants, acts  
425 or things may not be enumerated herein; and any other matters of like  
426 or different character, which in any way affect the security or  
427 protection of the bonds or notes, all as the authority shall deem  
428 advisable and not in conflict with the provisions hereof. Each pledge,  
429 agreement, mortgage and deed of trust made for the benefit or security  
430 of any of the bonds or notes of the authority shall be in effect until the  
431 principal of and interest on the bonds or notes for the benefit of which  
432 the same were made have been fully paid, or until provision has been  
433 made for payment in the manner provided in the resolution or  
434 resolutions authorizing their issuance. Any pledge made in respect of  
435 such bonds or notes shall be valid and binding from the time when the  
436 pledge is made; the revenues, money or property so pledged and  
437 thereafter received by the authority shall immediately be subject to the  
438 lien of such pledge without any physical delivery thereof or further  
439 act; and the lien of any such pledge shall be valid and binding as  
440 against all parties having claims of any kind in tort, contract or  
441 otherwise against the authority irrespective of whether such parties  
442 have notice thereof. Neither the resolution, trust indenture nor any  
443 other instrument by which a pledge is created need be recorded. The  
444 resolution authorizing the issuance of such bonds or notes may  
445 provide for the enforcement of any such pledge or security in any  
446 lawful manner. The authority may elect to have the provisions of title  
447 42a of the general statutes, the Connecticut Uniform Commercial Code,  
448 apply to any pledge made by or to the authority to secure its bonds or  
449 notes by filing a financing statement with respect to the security  
450 interest created by the pledge and, in such case, the financing  
451 statement shall be filed as if the debtor were located in this state.

452 (g) The authority may provide in any resolution authorizing the  
453 issuance of bonds or notes that any project or part thereof or any  
454 addition, improvement, extension or enlargement thereof, may be  
455 constructed by the authority or the lessee or any designee of the  
456 authority, and may also provide in such proceedings for the time and  
457 manner of and requisites for disbursements to be made for the cost of  
458 such construction and disbursements as the authority shall deem  
459 necessary or appropriate.

460 (h) The authority is further authorized and empowered to issue  
461 bonds, notes or other obligations under this section, the interest on  
462 which may be includable in the gross income of the holder or holders  
463 thereof under the Internal Revenue Code of 1986, or any subsequent  
464 corresponding internal revenue code of the United States, as from time  
465 to time amended, to the same extent and in the same manner that  
466 interest on bills, notes, bonds or other obligations of the United States  
467 is includable in the gross income of the holder or holders thereof under  
468 any such internal revenue code. Any such bonds, notes or other  
469 obligations may be issued only upon a finding by the authority that  
470 such issuance is necessary, is in the public interest, and is in  
471 furtherance of the purposes and powers of the authority. The state  
472 hereby consents to such inclusion only for the bonds, notes or other  
473 obligations of the authority so authorized.

474 Sec. 9. (NEW) (*Effective October 1, 2010*) (a) Except as provided in  
475 subsection (b) of this section, all moneys of the Connecticut Electric  
476 Authority, from whatever source derived, shall be paid to the  
477 Treasurer as agent of the authority, who shall not commingle such  
478 moneys with any other moneys. The Treasurer shall deposit such  
479 moneys in a separate bank account or accounts. The moneys in such  
480 accounts shall be paid by checks signed by the Treasurer or the Deputy  
481 Treasurer appointed pursuant to section 3-12 of the general statutes, on  
482 requisition of the chairperson or of such other officer or employee of  
483 the authority as the authority shall authorize to make such requisition.  
484 Notwithstanding the foregoing, the authority shall have power, subject  
485 to the approval of the Treasurer or the Deputy Treasurer appointed

486 pursuant to said section 3-12, to contract with the holders of any of its  
487 bonds or notes, as to the custody, collection, securing, investment and  
488 payment of any moneys of the authority, or of any moneys held in  
489 trust or otherwise for the payment of bonds or notes, and to carry out  
490 such contracts. All moneys received pursuant to the authority of the  
491 authority legislation pursuant to sections 8 to 13, inclusive, of this act  
492 whether as proceeds from the sale of bonds or as revenues, receipts or  
493 income, shall be deemed to be trust funds to be held and applied solely  
494 as provided in said authority legislation and in the resolutions  
495 authorizing the issuance of the bonds or notes. Any officer with whom,  
496 or any bank or trust company with which, such moneys shall be  
497 deposited as trustee thereof shall hold and apply the same for the  
498 purposes thereof, subject to said provisions of the authority and the  
499 resolution authorizing the issuance of bonds or notes or the trust  
500 agreement securing such bonds or notes may provide.

501 (b) Any funds or revenues of the authority derived from application  
502 fees, commitment fees or other fees or charges levied by the authority  
503 in connection with its insurance and loan programs, any investment  
504 income derived from funds held in trust or otherwise, which income is  
505 not pledged to the payment of bonds or notes of the authority and any  
506 other income of the authority from whatever source derived that is  
507 available for the payment of authority expenses and any proceeds of  
508 the foregoing shall be held, administered and invested by the authority  
509 or deposited with and invested by such institution, trustee, fiduciary  
510 or other custodian as may be designated by the authority and paid as  
511 the authority shall direct.

512 Sec. 10. (NEW) (*Effective October 1, 2010*) The exercise of the powers  
513 granted to the Connecticut Electric Authority in sections 8 to 13,  
514 inclusive, of this act shall constitute the performance of an essential  
515 governmental function and the authority shall not be required to pay  
516 any taxes or assessments upon or in respect of a project, or any  
517 property or moneys of the authority, levied by any municipality or  
518 political subdivision or special district having taxing powers of the  
519 state, nor shall the authority be required to pay state taxes of any kind,

520 and the authority, its projects, property and moneys and any bonds  
521 and notes issued under the provisions of said sections, their transfer  
522 and the income therefrom, including any profit made on the sale  
523 thereof, shall at all times be free from taxation of every kind by the  
524 state and by the municipalities and all other political subdivisions or  
525 special districts having taxing powers of the state; provided any  
526 person leasing a project from the authority shall pay to the  
527 municipality, or other political subdivision or special district having  
528 taxing powers, in which such project is located, a payment in lieu of  
529 taxes which shall equal the taxes on real and personal property,  
530 including water and sewer assessments, which such lessee would have  
531 been required to pay had it been the owner of such property during  
532 the period for which such payment is made and neither the authority  
533 nor its projects, properties, money or bonds and notes shall be  
534 obligated, liable or subject to lien of any kind for the enforcement,  
535 collection or payment thereof. The sale of tangible personal property or  
536 services by the authority is exempt from the sales tax under chapter  
537 219 of the general statutes, and the storage, use or other consumption  
538 in this state of tangible personal property or services purchased from  
539 the authority is exempt from the use tax under said chapter 219. If and  
540 to the extent the proceedings under which the bonds authorized to be  
541 issued under the provisions of sections 8 to 13, inclusive, of this act so  
542 provide, the authority may agree to cooperate with the lessee of a  
543 project in connection with any administrative or judicial proceedings  
544 for determining the validity or amount of such payments and may  
545 agree to appoint or designate and reserve the right in and for such  
546 lessee to take all action which the authority may lawfully take in  
547 respect of such payments and all matters relating thereto, provided  
548 such lessee shall bear and pay all costs and expenses of the authority  
549 thereby incurred at the request of such lessee or by reason of any such  
550 action taken by such lessee in behalf of the authority. Any lessee of a  
551 project which has paid the amounts in lieu of taxes required by this  
552 section to be paid shall not be required to pay any such taxes in which  
553 a payment in lieu thereof has been made to the state or to any such  
554 municipality or other political subdivision or special district having

555 taxing powers, any other statute to the contrary notwithstanding.

556 Sec. 11. (NEW) (*Effective October 1, 2010*) Bonds issued by the  
557 Connecticut Electric Authority are hereby made securities in which all  
558 public officers and public bodies of the state and its political  
559 subdivisions, all insurance companies, credit unions, building and loan  
560 associations, investment companies, savings banks, banking  
561 associations, trust companies, executors, administrators, trustees and  
562 other fiduciaries and pension, profit-sharing and retirement funds may  
563 properly and legally invest funds, including capital in their control or  
564 belonging to them. Such bonds are hereby made securities which may  
565 properly and legally be deposited with and received by any state or  
566 municipal officer or any agency or municipality of the state for any  
567 purpose for which the deposit of bonds or obligations of the state is  
568 now or may hereafter be authorized by law.

569 Sec. 12. (NEW) (*Effective October 1, 2010*) (a) Bonds or notes issued  
570 by the Connecticut Electric Authority shall not be deemed to constitute  
571 a debt or liability of the state or of any municipality thereof or a pledge  
572 of the faith and credit of the state or of any such municipality and shall  
573 not constitute bonds or notes issued or guaranteed by the state within  
574 the meaning of section 3-21 of the general statutes, but shall be payable  
575 solely from the revenues and funds herein provided for pursuant to  
576 sections 8 to 13, inclusive, of this act. All such bonds or notes shall  
577 contain on the face thereof a statement to the effect that neither the  
578 state nor any municipality thereof other than the authority shall be  
579 obligated to pay the same or the interest thereon and that neither the  
580 faith and credit nor the taxing power of the state or of any municipality  
581 is pledged to the payment of the principal of or the interest on such  
582 bonds or notes.

583 (b) The authority may create and establish one or more reserve  
584 funds to be known as special capital reserve funds and may pay into  
585 such special capital reserve funds (1) any moneys appropriated and  
586 made available by the state for the purposes of such funds, (2) any  
587 proceeds of sale of notes or bonds, to the extent provided in the

588 resolution of the authority authorizing the issuance thereof, and (3)  
589 any other moneys which may be made available to the authority for  
590 the purpose of such funds from any other source or sources. The  
591 moneys held in or credited to any special capital reserve fund  
592 established under this section, except as hereinafter provided, shall be  
593 used solely for the payment of the principal of bonds of the authority  
594 secured by such special capital reserve fund as the same become due,  
595 the purchase of such bonds of the authority, the payment of interest on  
596 such bonds of the authority or the payment of any redemption  
597 premium required to be paid when such bonds are redeemed before  
598 maturity; provided the authority shall have power to provide that  
599 moneys in any such fund shall not be withdrawn therefrom at any  
600 time in such amount as would reduce the amount of such funds to less  
601 than the maximum amount of principal and interest becoming due by  
602 reason of maturity or a required sinking fund installment in the  
603 succeeding calendar year on the bonds of the authority then  
604 outstanding and secured by such special capital reserve fund or such  
605 lesser amount specified by the authority in its resolution authorizing  
606 the issuance of any such bonds, such amount being herein referred to  
607 as the "required minimum capital reserve", except for the purpose of  
608 paying such principal of, redemption premium and interest on such  
609 bonds of the authority secured by such special capital reserve  
610 becoming due and for the payment of which other moneys of the  
611 authority are not available. The authority may provide that it shall not  
612 issue bonds at any time if the required minimum capital reserve on the  
613 bonds outstanding and the bonds then to be issued and secured by a  
614 special capital reserve fund will exceed the amount of such special  
615 capital reserve fund at the time of issuance, unless the authority, at the  
616 time of the issuance of such bonds, shall deposit in such special capital  
617 reserve fund from the proceeds of the bonds so to be issued, or  
618 otherwise, an amount which, together with the amount then in such  
619 special capital reserve fund, will be not less than the required  
620 minimum capital reserve. On or before December first, annually, there  
621 is deemed to be appropriated from the General Fund such sums, if  
622 any, as shall be certified by the chairperson of the Connecticut Electric

623 Authority to the Secretary of the Office of Policy and Management and  
624 State Treasurer, as necessary to restore each such special capital  
625 reserve fund to the amount equal to the required minimum capital  
626 reserve of such fund, and such amounts shall be allotted and paid to  
627 the authority. For the purpose of evaluation of any such special capital  
628 reserve fund, obligations acquired as an investment for any such fund  
629 shall be valued at amortized cost. Nothing contained in this section  
630 shall preclude the authority from establishing and creating other debt  
631 service reserve funds in connection with the issuance of bonds or notes  
632 of the authority. Subject to any agreement or agreements with holders  
633 of outstanding notes and bonds of the authority, any amount or  
634 amounts allotted and paid to the authority by the state pursuant to this  
635 section shall be repaid to the state from moneys of the authority at  
636 such time as such moneys are not required for any other of its  
637 corporate purposes and in any event shall be repaid to the state on the  
638 date one year after all bonds and notes of the authority theretofore  
639 issued on the date or dates such amount or amounts are allotted and  
640 paid to the authority or thereafter issued, together with interest on  
641 such bonds and notes, with interest on any unpaid installments of  
642 interest and all costs and expenses in connection with any action or  
643 proceeding by or on behalf of the holders thereof, are fully met and  
644 discharged. Notwithstanding any other provisions contained in said  
645 sections, the aggregate amount of bonds secured by such special  
646 capital reserve funds authorized to be created and established by this  
647 section, shall not exceed four hundred fifty million dollars. Only  
648 electric generation projects may be assisted or financed by such bonds  
649 and the proceeds of such bonds shall not be used for such purpose  
650 unless the authority is of the opinion and determines that the revenues  
651 derived from the electric generation project or projects shall be  
652 sufficient (A) to pay the applicable principal of and interest on the  
653 bonds, the proceeds of which are used to finance the electric  
654 generation project or projects, (B) to establish, increase and maintain  
655 any reserves deemed by the authority to be advisable to secure the  
656 payment of the principal of and interest on such bonds, (C) unless the  
657 contract with a person obligates such person to pay for the

658 maintenance and insurance of the electric generation project, to pay the  
659 cost of maintaining the electric generation project in good repair and  
660 keeping it properly insured, and (D) to pay such other costs or taxes on  
661 the electric generation project as may be required.

662 Sec. 13. (NEW) (*Effective October 1, 2010*) The state of Connecticut  
663 does hereby pledge to and agree with the holders of any bonds and  
664 notes issued under the provisions of sections 8 to 13, inclusive, of this  
665 act, and with those parties who may enter into contracts with the  
666 Connecticut Electric Authority or its successor agency, that the state  
667 will not limit or alter the rights hereby vested in the authority until  
668 such obligations, together with the interest thereon, are fully met and  
669 discharged and such contracts are fully performed on the part of the  
670 authority, provided nothing contained herein shall preclude such  
671 limitation or alteration if and when adequate provision shall be made  
672 by law for the protection of the holders of such bonds and notes of the  
673 authority or those entering into such contracts with the authority. The  
674 authority may include this pledge and undertaking for the state in  
675 such bonds and notes or contracts.

676 Sec. 14. Subsection (c) of section 16-244c of the general statutes is  
677 repealed and the following is substituted in lieu thereof (*Effective*  
678 *October 1, 2009*):

679 (c) (1) On and after January 1, 2007, each electric distribution  
680 company shall provide electric generation services through standard  
681 service to any customer who (A) does not arrange for or is not  
682 receiving electric generation services from an electric supplier, and (B)  
683 does not use a demand meter or has a maximum demand of less than  
684 five hundred kilowatts.

685 (2) Not later than October 1, 2006, and periodically as required by  
686 subdivision (3) of this subsection, but not more often than every  
687 calendar quarter, the Department of Public Utility Control shall  
688 establish the standard service price for such customers pursuant to  
689 subdivision (3) of this subsection. Each electric distribution company

690 shall recover the actual net costs of procuring and providing electric  
691 generation services pursuant to this subsection, provided such  
692 company mitigates the costs it incurs for the procurement of electric  
693 generation services for customers who are no longer receiving service  
694 pursuant to this subsection.

695 (3) An electric distribution company providing electric generation  
696 services pursuant to this subsection shall mitigate the variation of the  
697 price of the service offered to its customers by procuring electric  
698 generation services contracts in the manner prescribed in a plan  
699 approved by the department. Such plan shall require the procurement  
700 of a portfolio of service contracts sufficient to meet the projected load  
701 of the electric distribution company. Such plan shall require that the  
702 portfolio of service contracts be procured in an overlapping pattern of  
703 fixed periods at such times and in such manner and duration as the  
704 department determines to be most likely to produce just, reasonable  
705 and reasonably stable retail rates while reflecting underlying  
706 wholesale market prices over time. The portfolio of contracts shall be  
707 assembled in such manner as to invite competition; guard against  
708 favoritism, improvidence, extravagance, fraud and corruption; and  
709 secure a reliable electricity supply while avoiding unusual, anomalous  
710 or excessive pricing. The portfolio of contracts procured under such  
711 plan shall be for terms of not less than six months, provided contracts  
712 for shorter periods may be procured under such conditions as the  
713 department shall prescribe to (A) ensure the lowest rates possible for  
714 end-use customers; (B) ensure reliable service under extraordinary  
715 circumstances; and (C) ensure the prudent management of the contract  
716 portfolio. An electric distribution company may receive a bid for an  
717 electric generation services contract from any of its generation entities  
718 or affiliates, provided such generation entity or affiliate submits its bid  
719 the business day preceding the first day on which an unaffiliated  
720 electric supplier may submit its bid and further provided the electric  
721 distribution company and the generation entity or affiliate are in  
722 compliance with the code of conduct established in section 16-244h.

723 (4) The [department] Connecticut Electric Authority, in consultation

724 with the Office of Consumer Counsel, shall retain the services of a  
725 third-party entity with expertise in the area of energy procurement to  
726 oversee the initial development of the request for proposals and the  
727 procurement of contracts by an electric distribution company for the  
728 provision of electric generation services offered pursuant to this  
729 subsection. Costs associated with the retention of such third-party  
730 entity shall be included in the cost of electric generation services that is  
731 included in such price.

732 (5) Each bidder for a standard service contract shall submit its bid to  
733 the electric distribution company and the third-party entity who shall  
734 jointly review the bids, conduct a cost-based analysis of such bids and  
735 submit an overview of all bids together with a joint recommendation  
736 to the [department] authority as to the preferred bidders. The authority  
737 shall make available to the Office of Consumer Counsel and the  
738 Attorney General all bids it receives pursuant to this subsection,  
739 provided the Office of Consumer Counsel and the Attorney General  
740 shall not make the bids available to the public until the authority does  
741 so pursuant to subdivision (6) of this subsection, except that the  
742 Attorney General may share such information if such action is  
743 necessary for any law enforcement purposes. The [department]  
744 authority may, [within] not later than ten business days [of] after  
745 submission of the overview, reject the recommendation regarding  
746 preferred bidders if the bids are not in the best interest of the electric  
747 distribution company's customers. In analyzing the bids, the authority  
748 shall determine if they are consistent with the state's integrated  
749 resource plan. In the event that the [department] authority rejects the  
750 preferred bids, the [electric distribution company and the third-party]  
751 authority entity shall rebid the service pursuant to this subdivision.

752 (6) Upon the authority's approval of the preferred bids, the electric  
753 distribution company shall enter into contracts with approved bidders  
754 in accordance with contract terms established by the authority. All bids  
755 received by the authority during the procurement process shall be  
756 available for public review three months after authority rejection  
757 provided such information regarding the bidders not selected shall be

758 presented in a manner that conceals the identities of such bidders.

759 (7) Not later than October 1, 2010, and biennially thereafter, the  
760 department shall conduct a contested case proceeding in accordance  
761 with chapter 54 to review the efficacy of the contract procurement  
762 process held pursuant to this subsection.

763 Sec. 15. (NEW) (*Effective October 1, 2009*) (a) The chairperson of the  
764 Connecticut Electric Authority, with the consent of two or more other  
765 members of the authority, shall appoint an executive director, who  
766 shall be the chief administrative officer of the Connecticut Electric  
767 Authority. Said chairperson shall supervise the executive director, who  
768 shall serve for a four-year term and annually receive a salary equal to  
769 that established for management pay plan salary group seventy-two  
770 by the Commissioner of Administrative Services. The executive  
771 director (1) shall conduct comprehensive planning with respect to the  
772 functions of the authority; (2) shall coordinate the activities of the  
773 authority; (3) shall cause the administrative organization of the  
774 authority to be examined with a view to promoting economy and  
775 efficiency; (4) may enter into such contractual agreements, in  
776 accordance with established procedures, as may be necessary for the  
777 discharge of his duties; and (5) may, subject to the provisions of section  
778 4-32 of the general statutes, and unless otherwise provided by law,  
779 receive any money, revenue or services from the federal government,  
780 corporations, associations or individuals, including payments from the  
781 sale of printed matter or any other material or services. The executive  
782 director shall require the staff of the authority to have expertise in  
783 public utility engineering and accounting, finance, economics,  
784 computers and rate design. Within available funds in any fiscal year,  
785 the executive director may appoint a secretary and may employ such  
786 accountants, clerical assistants, engineers, inspectors, experts,  
787 consultants and agents as the authority may require.

788 (b) No member of the authority or employee of the authority shall,  
789 while serving as such, have any interest, financial or otherwise, direct  
790 or indirect, or engage in any business, employment, transaction or

791 professional activity, or incur any obligation of any nature, which is in  
792 substantial conflict with the proper discharge of his duties or  
793 employment in the public interest and of his responsibilities as  
794 prescribed in the laws of this state, as defined in section 1-85 of the  
795 general statutes; provided no such substantial conflict shall be deemed  
796 to exist solely by virtue of the fact that a member of the authority or  
797 employee of the authority, or any business in which such a person has  
798 an interest, receives utility service from one or more Connecticut  
799 utilities under the normal rates and conditions of service.

800 (c) No member of the authority or employee of the authority shall  
801 accept other employment that will either impair his independence of  
802 judgment as to his official duties or employment or require him, or  
803 induce him, to disclose confidential information acquired by him in the  
804 course of and by reason of his official duties.

805 (d) No member of the authority or employee of the authority shall  
806 wilfully and knowingly disclose, for pecuniary gain, confidential  
807 information acquired in the course of and by reason of official duties or  
808 employment or use any such information for the purpose of pecuniary  
809 gain.

810 (e) No member of the authority or employee of the authority shall  
811 agree to accept, or be in partnership or association with any person, or  
812 a member of a professional corporation or in membership with any  
813 union or professional association which partnership, association,  
814 professional corporation, union or professional association agrees to  
815 accept any employment, fee or other thing of value, or portion thereof,  
816 in consideration of his appearing, agreeing to appear, or taking any  
817 other action on behalf of another person before the authority, the  
818 Connecticut Siting Council, the Office of Policy and Management or  
819 the Commissioner of Environmental Protection.

820 (f) No member of the authority shall, for a period of one year  
821 following the termination of his or her service as a member, accept  
822 employment: (1) By a public service company or by any person, firm or

823 corporation engaged in lobbying activities with regard to  
824 governmental regulation of public service companies; or (2) by an  
825 electric supplier or by any person, firm or corporation engaged in  
826 lobbying activities with regard to governmental regulation of electric  
827 suppliers. No such member who is also an attorney shall in any  
828 capacity, appear or participate in any matter, or accept any  
829 compensation regarding a matter, before the authority, for a period of  
830 one year following the termination of his or her service as a member.

831 Sec. 16. Section 16-4 of the general statutes is repealed and the  
832 following is substituted in lieu thereof (*Effective October 1, 2009*):

833 No officer, employee, attorney or agent of any public service  
834 company, of any certified telecommunications provider or of any  
835 electric supplier shall be a member of the Public Utilities Control  
836 Authority or the Connecticut Electric Authority or an employee of the  
837 Department of Public Utility Control or the Connecticut Electric  
838 Authority.

839 Sec. 17. Subsection (a) of section 16a-3 of the general statutes is  
840 repealed and the following is substituted in lieu thereof (*Effective*  
841 *October 1, 2009*):

842 (a) There is established a Connecticut Energy Advisory Board  
843 consisting of [~~fifteen~~] sixteen members, including the Commissioner of  
844 Environmental Protection, the chairperson of the Public Utilities  
845 Control Authority, the chairperson of the Connecticut Electric  
846 Authority, the Commissioner of Transportation, the Consumer  
847 Counsel, the Commissioner of Agriculture, and the Secretary of the  
848 Office of Policy and Management, or their respective designees. The  
849 Governor shall appoint a representative of an environmental  
850 organization knowledgeable in energy efficiency programs, a  
851 representative of a consumer advocacy organization and a  
852 representative of a state-wide business association. The president pro  
853 tempore of the Senate shall appoint a representative of a chamber of  
854 commerce, a representative of a state-wide manufacturing association

855 and a member of the public considered to be an expert in electricity,  
856 generation, procurement or conservation programs. The speaker of the  
857 House of Representatives shall appoint a representative of low-income  
858 ratepayers, a representative of state residents, in general, with  
859 expertise in energy issues and a member of the public considered to be  
860 an expert in electricity, generation, procurement or conservation  
861 programs. All appointed members shall serve in accordance with  
862 section 4-1a. No appointee may be employed by, or a consultant of, a  
863 public service company, as defined in section 16-1, or an electric  
864 supplier, as defined in section 16-1, or an affiliate or subsidiary of such  
865 company or supplier.

866 Sec. 18. Subsection (f) of section 22a-198 of the general statutes is  
867 repealed and the following is substituted in lieu thereof (*Effective*  
868 *October 1, 2009*):

869 (f) The Commissioner of Environmental Protection, in consultation  
870 with the chairperson of the [Public Utilities Control] Connecticut  
871 Electric Authority, may suspend the prohibition of subsection (b) of  
872 this section for a Title IV source if it is determined that the application  
873 of the prohibition established under subsection (b) of this section  
874 adversely affects the ability to meet the reliability standards, as defined  
875 by the New England Power Pool or its successor organization, and the  
876 suspension thereof is intended to mitigate such reliability problems.  
877 The Commissioner of Environmental Protection, in consultation with  
878 the chairperson of the [Public Utilities Control] Connecticut Electric  
879 Authority, shall specify in writing the reasons for such suspension and  
880 the period of time that such suspension shall be in effect and shall  
881 provide notice of such suspension at the time of issuance, or the next  
882 business day, to the joint standing committees of the General  
883 Assembly having cognizance of matters relating to the environment  
884 and energy and technology. No such waiver shall last more than thirty  
885 days. The commissioner may reissue additional waivers for such  
886 source after said initial waiver has expired. Within ten days of receipt  
887 of the commissioner's notice of suspension, the committees having  
888 cognizance of matters relating to the environment and energy and

889 technology may hold a joint public hearing and meeting of the  
890 committees to either modify or reject the commissioner's suspension  
891 by a majority vote. If the committees do not meet, the commissioner's  
892 suspension shall be deemed approved.

893 Sec. 19. Subsection (a) of section 4-65a of the general statutes is  
894 repealed and the following is substituted in lieu thereof (*Effective*  
895 *October 1, 2009*):

896 (a) There shall be an Office of Policy and Management which shall  
897 be responsible for all aspects of state staff planning and analysis in the  
898 areas of budgeting, management, planning, energy policy  
899 determination and evaluation, except to the extent such policies are  
900 delegated to the Connecticut Electric Authority, intergovernmental  
901 policy, criminal and juvenile justice planning and program evaluation.  
902 The department head shall be the Secretary of the Office of Policy and  
903 Management, who shall be appointed by the Governor in accordance  
904 with the provisions of sections 4-5, as amended by this act, 4-6, 4-7 and  
905 4-8, with all the powers and duties therein prescribed. The Secretary of  
906 the Office of Policy and Management shall be the employer  
907 representative (1) in collective bargaining negotiations concerning  
908 changes to the state employees retirement system and health and  
909 welfare benefits, and (2) in all other matters involving collective  
910 bargaining, including negotiation and administration of all collective  
911 bargaining agreements and supplemental understandings between the  
912 state and the state employee unions concerning all executive branch  
913 employees except (A) employees of the Division of Criminal Justice,  
914 and (B) faculty and professional employees of boards of trustees of  
915 constituent units of the state system of higher education. The secretary  
916 may designate a member of the secretary's staff to act as the employer  
917 representative in the secretary's place.

918 Sec. 20. Subdivision (2) of subsection (e) of section 4a-57 of the  
919 general statutes is repealed and the following is substituted in lieu  
920 thereof (*Effective October 1, 2009*):

921 (2) Any purchase of or contract by the department for electric  
922 generation services that are subject to competitive bidding and  
923 competitive negotiations shall be conducted in cooperation with the  
924 [Office of Policy and Management] Connecticut Electric Authority  
925 pursuant to section 16a-14e.

926 Sec. 21. Section 16-19e of the general statutes is repealed and the  
927 following is substituted in lieu thereof (*Effective October 1, 2009*):

928 (a) In the exercise of its powers under the provisions of this title, the  
929 Department of Public Utility Control shall examine and regulate the  
930 transfer of existing assets and franchises, the expansion of the plant  
931 and equipment of existing public service companies, the operations  
932 and internal workings of public service companies and the  
933 establishment of the level and structure of rates in accordance with the  
934 following principles: (1) That there is a clear public need for the service  
935 being proposed or provided; (2) that the public service company shall  
936 be fully competent to provide efficient and adequate service to the  
937 public in that such company is technically, financially and  
938 managerially expert and efficient; (3) that the department and all  
939 public service companies shall perform all of their respective public  
940 responsibilities with economy, efficiency and care for public safety and  
941 energy security, and so as to promote economic development within  
942 the state with consideration for energy and water conservation, energy  
943 efficiency and the development and utilization of renewable sources of  
944 energy and for the prudent management of the natural environment;  
945 (4) that the level and structure of rates be sufficient, but no more than  
946 sufficient, to allow public service companies to cover their operating  
947 costs including, but not limited to, appropriate staffing levels, and  
948 capital costs, to attract needed capital and to maintain their financial  
949 integrity, and yet provide appropriate protection to the relevant public  
950 interests, both existing and foreseeable which shall include, but not be  
951 limited to, reasonable costs of security of assets, facilities and  
952 equipment that are incurred solely for the purpose of responding to  
953 security needs associated with the terrorist attacks of September 11,  
954 2001, and the continuing war on terrorism; (5) that the level and

955 structure of rates charged customers shall reflect prudent and efficient  
956 management of the franchise operation; and (6) that the rates, charges,  
957 conditions of service and categories of service of the companies not  
958 discriminate against customers which utilize renewable energy sources  
959 or cogeneration technology to meet a portion of their energy  
960 requirements.

961 (b) The Department of Public Utility Control shall promptly  
962 undertake a separate, general investigation of, and shall hold at least  
963 one public hearing on new pricing principles and rate structures for  
964 electric companies and for gas companies to consider, without  
965 limitation, long run incremental cost of marginal cost pricing, peak  
966 load or time of day pricing and proposals for optimizing the utilization  
967 of energy and restraining its wasteful use and encouraging energy  
968 conservation, and any other matter with respect to pricing principles  
969 and rate structures as the department shall deem appropriate. The  
970 department shall determine whether existing or future rate structures  
971 place an undue burden upon those persons of poverty status and shall  
972 make such adjustment in the rate structure as is necessary or desirable  
973 to take account of their indigency. The department shall require the  
974 utilization of such new principles and structures to the extent that the  
975 department determines that their implementation is in the public  
976 interest and necessary or desirable to accomplish the purposes of this  
977 provision without being unfair or discriminatory or unduly  
978 burdensome or disruptive to any group or class of customers, and  
979 determines that such principles and structures are capable of yielding  
980 required revenues. In reviewing the rates and rate structures of electric  
981 and gas companies, the department shall take into consideration  
982 appropriate energy policies, including those of the state as expressed  
983 in subsection (c) of this section. The authority shall issue its initial  
984 findings on such investigation by December 1, 1976, and its final  
985 findings and order by June 1, 1977; provided that after such final  
986 findings and order are issued, the department shall at least once every  
987 two years undertake such further investigations as it deems  
988 appropriate with respect to new developments or desirable

989 modifications in pricing principles and rate structures and, after  
990 holding at least one public hearing thereon, shall issue its findings and  
991 order thereon.

992 (c) The Department of Public Utility Control shall consult at least  
993 once each year with the Commissioner of Environmental Protection,  
994 the Connecticut Siting Council, the Connecticut Electric Authority and  
995 the Office of Policy and Management, so as to coordinate and integrate  
996 its actions, decisions and policies pertaining to gas and electric  
997 companies, so far as possible, with the actions, decisions and policies  
998 of said other agencies and instrumentalities in order to further the  
999 development and optimum use of the state's energy resources and  
1000 conform to the greatest practicable extent with the state energy policy  
1001 as stated in section 16a-35k, taking into account prudent management  
1002 of the natural environment and continued promotion of economic  
1003 development within the state. In the performance of its duties, the  
1004 department shall take into consideration the energy policies of the  
1005 state as expressed in this subsection and in any annual reports  
1006 prepared or filed by such other agencies and instrumentalities, and  
1007 shall defer, as appropriate, to any actions taken by such other agencies  
1008 and instrumentalities on matters within their respective jurisdictions.

1009 (d) The Commissioner of Environmental Protection, the  
1010 Commissioner of Economic and Community Development, the  
1011 Connecticut Siting Council and the Office of Policy and Management  
1012 shall be made parties to each proceeding on a rate amendment  
1013 proposed by a gas, electric or electric distribution company based  
1014 upon an alleged need for increased revenues to finance an expansion  
1015 of capital equipment and facilities, and shall participate in such  
1016 proceedings to the extent necessary. The Connecticut Electric  
1017 Authority shall be made a party to such proceedings involving electric  
1018 distribution companies.

1019 (e) The Department of Public Utility Control, in a proceeding on a  
1020 rate amendment proposed by an electric distribution company based  
1021 upon an alleged need for increased revenues to finance an expansion

1022 of the capacity of its electric distribution system, shall determine  
1023 whether demand-side management would be more cost-effective in  
1024 meeting any demand for electricity for which the increase in capacity is  
1025 proposed.

1026 (f) The provisions of this section shall not apply to the regulation of  
1027 a telecommunications service which is a competitive service, as  
1028 defined in section 16-247a, or to a telecommunications service to which  
1029 an approved plan for an alternative form of regulation applies,  
1030 pursuant to section 16-247k.

1031 (g) The department may, upon application of any gas or electric  
1032 public service company, which has, as part of its existing rate plan, an  
1033 earnings sharing mechanism, modify such rate plan to allow the gas or  
1034 electric public service company, after a hearing that is conducted as a  
1035 contested case, in accordance with chapter 54, to include in its rates the  
1036 reasonable costs of security of assets, facilities, and equipment, both  
1037 existing and foreseeable, that are incurred solely for the purpose of  
1038 responding to security needs associated with the terrorist attacks of  
1039 September 11, 2001, and the continuing war on terrorism.

1040 Sec. 22. Subsection (m) of section 16-243m of the general statutes is  
1041 repealed and the following is substituted in lieu thereof (*Effective*  
1042 *October 1, 2009*):

1043 (m) An electric distribution company may not submit a proposal  
1044 under this section on or after February 1, 2011. On or before January 1,  
1045 2010, the [department] Connecticut Electric Authority shall submit a  
1046 report, in accordance with section 11-4a, to the joint standing  
1047 committee of the General Assembly having cognizance of matters  
1048 relating to energy with a recommendation as to whether the period  
1049 during which such company may submit proposals under this section  
1050 should be extended.

1051 Sec. 23. Subsection (b) of section 16-244d of the general statutes is  
1052 repealed and the following is substituted in lieu thereof (*Effective*  
1053 *October 1, 2009*):

1054 (b) There shall be established a Consumer Education Advisory  
1055 Council which shall advise the outreach program coordinator on the  
1056 development and implementation of the outreach program until the  
1057 termination of the standard offer under section 16-244c, as amended by  
1058 this act. Membership of the advisory council shall be established by the  
1059 Consumer Counsel not later than December 1, 1998, and shall include,  
1060 but not be limited to, representatives of the Department of Public  
1061 Utility Control, the Office of Consumer Counsel, the Office of the  
1062 Attorney General, the Office of Policy and Management, the  
1063 Connecticut Electric Authority, the Department of Environmental  
1064 Protection, community and business organizations, consumer groups,  
1065 including, but not limited to, a group that represents hardship  
1066 customers, as defined in section 16-262c, electric distribution  
1067 companies and electric suppliers. The advisory council shall determine  
1068 the information to be distributed to customers as part of the education  
1069 effort such as customers' rights and obligations in a restructured  
1070 environment, how customers can exercise their right to participate in  
1071 retail access, the types of electric suppliers expected to be licensed  
1072 including the possibility of load aggregation, electric generation  
1073 services options that will be available, the environmental  
1074 characteristics of different types of generation facilities and other  
1075 information determined by the advisory council to be necessary for  
1076 customers. The advisory council shall advise the outreach program  
1077 coordinator on the methods of distributing information in accordance  
1078 with subsection (a) of this section and the timing of such distribution.  
1079 The advisory council shall meet on a regular basis and report to the  
1080 outreach program coordinator as it deems appropriate until  
1081 termination of the advisory council's role upon the termination of the  
1082 standard offer under section 16-244c, as amended by this act.

1083 Sec. 24. Subsection (d) of section 16a-48 of the general statutes is  
1084 repealed and the following is substituted in lieu thereof (*Effective*  
1085 *October 1, 2009*):

1086 (d) (1) The office, in consultation with the Department of Public  
1087 Utility Control and the Connecticut Electric Authority, shall adopt

1088 regulations, in accordance with the provisions of chapter 54, to  
1089 implement the provisions of this section and to establish minimum  
1090 energy efficiency standards for the types of new products set forth in  
1091 subsection (b) of this section. The regulations shall provide for the  
1092 following minimum energy efficiency standards:

1093 (A) Commercial clothes washers shall meet the requirements shown  
1094 in Table P-3 of section 1605.3 of the California Code of Regulations,  
1095 Title 20: Division 2, Chapter 4, Article 4;

1096 (B) Commercial refrigerators and freezers shall meet the August 1,  
1097 2004, requirements shown in Table A-6 of said California regulation;

1098 (C) Illuminated exit signs shall meet the version 2.0 product  
1099 specification of the "Energy Star Program Requirements for Exit Signs"  
1100 developed by the United States Environmental Protection Agency;

1101 (D) Large packaged air-conditioning equipment having not more  
1102 than seven hundred sixty thousand BTUs per hour of capacity shall  
1103 meet a minimum energy efficiency ratio of 10.0 for units using both  
1104 electric heat and air conditioning or units solely using electric air  
1105 conditioning, and 9.8 for units using both natural gas heat and electric  
1106 air conditioning;

1107 (E) Large packaged air-conditioning equipment having not less than  
1108 seven hundred sixty-one thousand BTUs per hour of capacity shall  
1109 meet a minimum energy efficiency ratio of 9.7 for units using both  
1110 electric heat and air conditioning or units solely using electric air  
1111 conditioning, and 9.5 for units using both natural gas heat and electric  
1112 air conditioning;

1113 (F) Low voltage dry-type distribution transformers shall meet or  
1114 exceed the energy efficiency values shown in Table 4-2 of the National  
1115 Electrical Manufacturers Association Standard TP-1-2002;

1116 (G) Torchiere lighting fixtures shall not consume more than one  
1117 hundred ninety watts and shall not be capable of operating with lamps

1118 that total more than one hundred ninety watts;

1119 (H) Traffic signal modules shall meet the product specification of  
1120 the "Energy Star Program Requirements for Traffic Signals" developed  
1121 by the United States Environmental Protection Agency that took effect  
1122 in February, 2001, except where the department, in consultation with  
1123 the Commissioner of Transportation, determines that such  
1124 specification would compromise safe signal operation;

1125 (I) Unit heaters shall not have pilot lights and shall have either  
1126 power venting or an automatic flue damper;

1127 (J) On or after January 1, 2009, residential furnaces and boilers  
1128 purchased by the state shall meet or exceed the following annual fuel  
1129 utilization efficiency: (i) For gas and propane furnaces, ninety per cent  
1130 annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per  
1131 cent annual fuel utilization efficiency, (iii) for gas and propane hot  
1132 water boilers, eighty-four per cent annual fuel utilization efficiency,  
1133 (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel  
1134 utilization efficiency, (v) for gas and propane steam boilers, eighty-two  
1135 per cent annual fuel utilization efficiency, (vi) for oil-fired steam  
1136 boilers, eighty-two per cent annual fuel utilization efficiency, and (vii)  
1137 for furnaces with furnace air handlers, an electricity ratio of not more  
1138 than 2.0, except air handlers for oil furnaces with a capacity of less than  
1139 ninety-four thousand BTUs per hour shall have an electricity ratio of  
1140 2.3 or less;

1141 (K) On or after January 1, 2010, metal halide lamp fixtures designed  
1142 to be operated with lamps rated greater than or equal to one hundred  
1143 fifty watts but less than or equal to five hundred watts shall not  
1144 contain a probe-start metal halide lamp ballast;

1145 (L) Single-voltage external AC to DC power supplies manufactured  
1146 on or after January 1, 2008, shall meet the energy efficiency standards  
1147 of table U-1 of section 1605.3 of the January 2006 California Code of  
1148 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance  
1149 Efficiency Regulations. This standard applies to single voltage AC to

1150 DC power supplies that are sold individually and to those that are sold  
1151 as a component of or in conjunction with another product. This  
1152 standard shall not apply to single voltage external AC to DC power  
1153 supplies sold with products subject to certification by the United States  
1154 Food and Drug Administration. A single-voltage external AC to DC  
1155 power supply that is made available by a manufacturer directly to a  
1156 consumer or to a service or repair facility after and separate from the  
1157 original sale of the product requiring the power supply as a service  
1158 part or spare part shall not be required to meet the standards in said  
1159 table U-1 until five years after the effective dates indicated in the table;

1160 (M) On or after January 1, 2009, state regulated incandescent  
1161 reflector lamps shall be manufactured to meet the minimum average  
1162 lamp efficacy requirements for federally-regulated incandescent  
1163 reflector lamps contained in 42 USC 6295(i)(1)(A). Each lamp shall  
1164 indicate the date of manufacture;

1165 (N) On or after January 1, 2009, bottle-type water dispensers,  
1166 commercial hot food holding cabinets, portable electric spas, walk-in  
1167 refrigerators and walk-in freezers shall meet the efficiency  
1168 requirements of section 1605.3 of the January 2006 California Code of  
1169 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance  
1170 Efficiency Regulations. On or after January 1, 2010, residential pool  
1171 pumps shall meet said efficiency requirements;

1172 (O) On or after January 1, 2009, pool heaters shall meet the  
1173 efficiency requirements of sections 1605.1 and 1605.3 of the January  
1174 2006 California Code of Regulations, Title 20, Division 2, Chapter 4,  
1175 Article 4: Appliance Efficiency Regulations.

1176 (2) Such efficiency standards, where in conflict with the State  
1177 Building Code, shall take precedence over the standards contained in  
1178 the Building Code. Not later than July 1, 2007, and biennially  
1179 thereafter, the office, in consultation with the Department of Public  
1180 Utility Control, shall review and increase the level of such efficiency  
1181 standards by adopting regulations in accordance with the provisions

1182 of chapter 54 upon a determination that increased efficiency standards  
1183 would serve to promote energy conservation in the state and would be  
1184 cost-effective for consumers who purchase and use such new products,  
1185 provided no such increased efficiency standards shall become effective  
1186 within one year following the adoption of any amended regulations  
1187 providing for such increased efficiency standards.

1188 (3) The office, in consultation with the Department of Public Utility  
1189 Control, shall adopt regulations, in accordance with the provisions of  
1190 chapter 54, to designate additional products to be subject to the  
1191 provisions of this section and to establish efficiency standards for such  
1192 products upon a determination that such efficiency standards (A)  
1193 would serve to promote energy conservation in the state, (B) would be  
1194 cost-effective for consumers who purchase and use such new products,  
1195 and (C) that multiple products are available which meet such  
1196 standards, provided no such efficiency standards shall become  
1197 effective within one year following their adoption pursuant to this  
1198 subdivision.

1199 Sec. 25. Section 16-246e of the general statutes is repealed and the  
1200 following is substituted in lieu thereof (*Effective October 1, 2009*):

1201 (a) The Governor may designate the [Department of Public Utility  
1202 Control] Connecticut Electric Authority as the agent of the state,  
1203 subject only to the limitation under subsection (b) of this section, to  
1204 conduct negotiations and perform all acts necessary to procure electric  
1205 power capacity, power output from such capacity or both from any  
1206 out-of-state electric power producer, to transmit it to within the state  
1207 and to sell or resell it on a nonprofit basis for distribution within the  
1208 state to electric companies, as defined in section 16-1, municipal  
1209 electric utilities established under chapter 101, municipal electric  
1210 energy cooperatives organized under chapter 101a, membership  
1211 electric cooperatives organized under chapter 597 and such other  
1212 persons or entities as may be designated by the [governor] Governor.  
1213 The [department] authority, if designated as such agent, shall arrange  
1214 for the sale or resale of such power on an equitable basis and in such

1215 manner as it finds will most effectively promote the objectives of this  
1216 title, chapters 101, 101a and 597, and section 16a-35k, subject to any  
1217 conditions or limitations imposed by the out-of-state electric power  
1218 producer selling such power. The [department] authority, if so  
1219 designated, may also enter into any contracts or other arrangements  
1220 for the sale or resale of such power for transmission outside the state if  
1221 such sale or resale is reasonably incidental to and furthers the needs of  
1222 the state and the purposes of this section.

1223 (b) The [department] authority shall submit any final action it takes  
1224 under subsection (a) of this section to the Governor, who may, not later  
1225 than sixty days after such submission, disapprove such action by  
1226 notifying the [department] authority in writing of such disapproval  
1227 and the reasons for it.

1228 Sec. 26. (NEW) (*Effective July 1, 2009*) (a) The Department of Public  
1229 Utility Control shall appoint and convene an Energy Conservation  
1230 Management Board, which shall be within the department for  
1231 administrative purposes only and shall include: (1) A representative of  
1232 an environmental group knowledgeable in energy conservation  
1233 programs; (2) the Consumer Counsel or the Consumer Counsel's  
1234 designee; (3) the Attorney General or the Attorney General's designee;  
1235 (4) the Commissioner of Environmental Protection or the  
1236 commissioner's designee; (5) the Commissioner of Social Services or  
1237 the commissioner's designee; (6) a representative of a state-wide  
1238 manufacturing association; (7) a representative of a chamber of  
1239 commerce; (8) a representative of a state-wide business association; (9)  
1240 a representative of a state-wide retail organization; (10) a  
1241 representative of a municipal electric energy cooperative created  
1242 pursuant to chapter 101a of the general statutes; (11) two  
1243 representatives, one each selected by the electric distribution  
1244 companies in this state; (12) two representatives selected by the gas  
1245 companies, as defined in section 16-1 of the general statutes, in this  
1246 state; (13) a representative of residential customers; (14) a fuel oil  
1247 dealer selected by the Independent Connecticut Petroleum  
1248 Association; (15) a Connecticut propane dealer selected by the Propane

1249 Gas Association of New England; and (16) a representative of the  
1250 Renewable Energy Investment Fund selected by such fund. The  
1251 members of the Energy Conservation Management Board on June 30,  
1252 2009, shall continue to serve on the board established pursuant to this  
1253 section until the expiration of their current term. Members shall serve  
1254 for a period of five years and may be reappointed. Representatives of  
1255 the gas companies, electric distribution companies, municipal electric  
1256 energy cooperative, fuel oil dealers, propane dealers and the  
1257 Renewable Energy Investment Fund shall not vote on matters  
1258 unrelated to their industry.

1259 (b) The Energy Conservation Management Board shall:

1260 (1) Advise the municipal electric energy cooperatives regarding  
1261 programs developed pursuant to section 28 of this act and section 7-  
1262 233y of the general statutes, as amended by this act;

1263 (2) Advise the natural gas utilities regarding programs developed  
1264 pursuant to section 28 of this act and section 16-32f of the general  
1265 statutes, as amended by this act;

1266 (3) Advise the electric distribution companies regarding programs  
1267 developed pursuant to section 28 of this act and section 16-245m of the  
1268 general statutes, as amended by this act;

1269 (4) Collaborate with the Department of Social Services regarding  
1270 coordination of energy and weatherization assistance administered or  
1271 funded by said department with conservation assistance available  
1272 under the plan developed pursuant to section 28 of this act and  
1273 sections 7-233y, 16-32f and 16-245m of the general statutes, as  
1274 amended by this act;

1275 (5) Collaborate, in accordance with the provisions of subsection (d)  
1276 of this section, with the Renewable Energy Investment Fund to  
1277 examine opportunities to coordinate with the programs and activities  
1278 funded by said fund pursuant to section 16-245n of the general  
1279 statutes, as amended by this act, and with programs and activities

1280 developed pursuant to section 28 of this act and sections 7-233y, 16-32f  
1281 and 16-245m of the general statutes, as amended by this act;

1282 (6) Oversee the administrator retained pursuant to subsection (c) of  
1283 this section and the development and implementation of conservation  
1284 assistance regarding deliverable fuels pursuant to section 28 of this act;

1285 (7) Facilitate, to the extent practicable, the coordination and  
1286 integration of energy, conservation and renewable resources programs  
1287 to simplify consumer access to integrated services of all available  
1288 resources, minimize expenses in the administration of each program  
1289 and reduce environmental impacts and security risks of energy in this  
1290 state;

1291 (8) Conduct an annual public hearing regarding conservation plans  
1292 and the implementation of such plans. All public comments shall be  
1293 summarized for the purposes of consideration in the board's  
1294 deliberations on future conservation plans;

1295 (9) Retain and direct expert consultants regarding the board's duties  
1296 pursuant to section 28 of this act and sections 16-32f and 16-245m of  
1297 the general statutes, as amended by this act;

1298 (10) Evaluate programs contained in the comprehensive  
1299 conservation plan and pursuant to sections 16-32f and 16-245m of the  
1300 general statutes, as amended by this act; and

1301 (11) Consolidate annual reports to the joint standing committees of  
1302 the General Assembly having cognizance of matters relating to energy,  
1303 the environment and commerce, documenting conservation and  
1304 renewable resources program operations, pursuant to section 29 of this  
1305 act and sections 7-233y, 16-32f, 16-245m and 16-245n of the general  
1306 statutes, as amended by this act.

1307 (c) On or before January 1, 2010, to the extent funding is available,  
1308 after issuing a request for proposals, the Energy Conservation  
1309 Management Board shall select an administrator qualified to develop a

1310 conservation plan for deliverable fuel and to administer and  
1311 implement conservation and energy efficiency programs for  
1312 deliverable fuel customers. The board may enter into a contract with  
1313 the administrator for a period not to exceed three years. The costs for  
1314 such administrator shall be paid from the fuel oil conservation account  
1315 established pursuant to section 27 of this act or any other funds as may  
1316 become available for this purpose.

1317 (d) There shall be a joint committee of the Energy Conservation  
1318 Management Board and the Renewable Energy Investments Board.  
1319 Each board shall appoint members to such joint committee. The joint  
1320 committee shall examine opportunities to coordinate the programs and  
1321 activities funded by the Renewable Energy Investment Fund pursuant  
1322 to section 16-245n of the general statutes, as amended by this act, with  
1323 the programs and activities contained in the comprehensive  
1324 conservation plan to reduce the long-term cost, environmental impacts  
1325 and security risks of energy in the state.

1326 (e) As used in this section, sections 26 and 28 of this act and section  
1327 16a-41a of the general statutes, as amended by this act, "deliverable  
1328 fuel" includes fuel oil, propane, wood, coal and kerosene used for  
1329 space heating or to heat hot water, and as used in this section "fuel oil"  
1330 means the product designated by the American Society for Testing and  
1331 Materials as "Specifications for Heating Oil D396-69", commonly  
1332 known as number 2 heating oil, and grade number 4, grade number 5  
1333 and grade number 6 fuel oil, provided such heating and fuel oils are  
1334 used for purposes other than generating power to propel motor  
1335 vehicles or for generating electricity.

1336 Sec. 27. (NEW) (*Effective July 1, 2009*) (a) There is established within  
1337 the Energy Conservation Fund established pursuant to subsection (b)  
1338 of section 16-245m of the general statutes, as amended by this act, a  
1339 natural gas subaccount. The Energy Conservation and Management  
1340 Board may receive any amount required by law to be deposited into  
1341 the subaccount and may receive any federal or other funds as may  
1342 become available for conservation and load management and

1343 renewable resources. Any balance remaining in such subaccount at the  
1344 end of any fiscal year shall be carried forward in the fiscal year next  
1345 succeeding. Disbursement from such subaccount shall be as authorized  
1346 pursuant to the comprehensive conservation plan approved by the  
1347 Department of Public Utility Control.

1348 (b) There is established a fuel oil conservation account, which shall  
1349 be a separate, nonlapsing account within the restricted grant fund and  
1350 shall be funded by annual revenue from the tax imposed by section 12-  
1351 587 of the general statutes on the sale of petroleum products gross  
1352 earnings that is in excess of said revenue collected during fiscal year  
1353 2006, provided the amount of such revenue that shall be allocated to  
1354 said account in the fiscal year commencing July 1, 2009, shall not  
1355 exceed five million dollars. Such amount shall be used for deliverable  
1356 fuel programs contained in the comprehensive conservation plan for  
1357 deliverable fuel allocations of joint programs and such administrative  
1358 expenses as provided in such plan. The Energy Conservation  
1359 Management Board shall notify the State Comptroller of an approved  
1360 amount to be drawn from such account for the purposes of this act.  
1361 Not later than two business days following notification by the board,  
1362 the State Comptroller shall draw an order on the State Treasurer for  
1363 payment of any such requested amount from the fund.

1364 (c) Each fiscal year, an amount equal to the annual revenue from the  
1365 tax imposed by section 12-264 of the general statutes on the gross  
1366 receipts of sales of all public services companies that is in excess of the  
1367 revenue estimate for said tax that is approved by the General  
1368 Assembly in the appropriations act for that fiscal year shall be  
1369 deposited by the Comptroller in the natural gas subaccount, provided  
1370 the amount of such excess revenue shall not exceed ten million dollars.  
1371 Such amount shall be used for natural gas programs contained in the  
1372 comprehensive conservation plan, natural gas allocations of joint  
1373 programs and such administrative expenses as provided in such plan.

1374 Sec. 28. (NEW) (*Effective July 1, 2009*) (a) On October 1, 2009, and  
1375 annually thereafter, (1) the deliverable fuels administrator regarding

1376 deliverable fuels; (2) the natural gas companies regarding natural gas;  
1377 and (3) the electric distribution companies regarding electricity shall  
1378 submit their recommendations for energy conservation to the  
1379 Department of Public Utility Control, which shall include plans to  
1380 integrate and coordinate conservation and renewable energy resources  
1381 pursuant to subsection (b) of this section. Upon receipt of the  
1382 recommendations, the department, in an uncontested proceeding, shall  
1383 hold a public hearing and, after such hearing, approve, modify or  
1384 reject the recommendations and consolidate the approved or modified  
1385 recommendations into a comprehensive conservation plan.

1386 (b) Not less than sixty days before the submission of such  
1387 recommendations, the deliverable fuels administrator, the gas  
1388 companies and the electric distribution companies shall submit the  
1389 recommendations to the Energy Conservation Management Board for  
1390 review and comment. In its review of these recommendations, the  
1391 board shall examine opportunities to offer integrated efficiency and  
1392 renewable programs that save more than one fuel resource, or  
1393 otherwise coordinate programs targeted at saving more than one fuel  
1394 resource to ensure available conservation and renewable resources are  
1395 integrated, to the extent practicable, to simplify consumer access to  
1396 integrated services of all available resources, to minimize expenses in  
1397 the administration of each program and to reduce environmental  
1398 impacts and security risks of energy in the state. The board shall  
1399 consult with the Connecticut Electric Authority regarding electricity  
1400 programs to ensure that such programs are consistent with the goals of  
1401 the integrated resource plan approved pursuant to section 16a-3a of  
1402 the general statutes. Each program contained in the plan shall be  
1403 reviewed by the electric distribution company and either accepted or  
1404 rejected by the Energy Conservation Management Board prior to  
1405 submission to the department for approval.

1406 (c) The comprehensive conservation plan approved by the  
1407 department shall contain specific goals for reducing energy use in this  
1408 state that are consistent with the integrated resource plan approved  
1409 pursuant to section 16a-3a of the general statutes and shall contain a

1410 description of each program that is proposed to meet such goals, the  
1411 amount of funds in the Energy Conservation and Load Management  
1412 Fund established pursuant to subsection (b) of section 16-245m of the  
1413 general statutes, as amended by this act, and, if applicable, other  
1414 sources to be used for each program and an estimate of the systemic  
1415 savings that will be achieved if such goals are met. Programs included  
1416 in the plan shall be reviewed using cost-effectiveness testing that  
1417 compares the value and payback period of program benefits to  
1418 program costs to ensure that the programs contained in the  
1419 comprehensive conservation plan will reduce customer bills for energy  
1420 and obtain energy savings and system benefits, including mitigation of  
1421 federally mandated congestion charges. The value of the program  
1422 benefits shall be greater than the costs of the program. Any costs for  
1423 joint programs shall be allocated equitably among the conservation  
1424 programs. The plan shall give preference to electric efficiency and load  
1425 management projects funded pursuant to section 16-245m of the  
1426 general statutes, as amended by this act, that maximize the reduction  
1427 of federally mandated congestion charges. The plan shall also provide  
1428 for reimbursement for services provided by the deliverable fuels  
1429 administrator and disbursements from the Energy Conservation and  
1430 Load Management Fund established pursuant to section 16-245m of  
1431 the general statutes, as amended by this act, to develop and carry out  
1432 the comprehensive conservation plan, including the retention of expert  
1433 consultants and the board's reasonable administrative costs. No  
1434 consultant shall be employed by, or have any contractual relationship  
1435 with, an electric distribution company, gas company or deliverable  
1436 fuel company or the administrator. Such board consultants and the  
1437 board's administrative costs shall not exceed five per cent of the total  
1438 cost of the plan. Program cost-effectiveness shall be reviewed annually,  
1439 or otherwise as is practicable. If a program is determined to fail the  
1440 cost-effectiveness test as part of the review process, it shall be modified  
1441 to meet the test or terminated.

1442 (d) Programs included in the comprehensive conservation plan may  
1443 include, but not be limited to: (1) Conservation programs, including

1444 programs that benefit low-income persons; (2) commercialization of  
1445 products or processes that are more energy-efficient than those  
1446 generally available; (3) development of markets for such products and  
1447 processes; (4) support for energy use assessment, real-time monitoring  
1448 systems, engineering studies and services related to new construction  
1449 or major building renovations; (5) program planning and evaluation;  
1450 (6) joint fuel conservation initiatives and programs targeted at saving  
1451 more than one fuel resource; (7) promotion of practices to optimize  
1452 efficiency; (8) assistance in meeting state climate change and  
1453 environmental and public health goals; (9) promotion of sustainable  
1454 economic development and employment; (10) public education  
1455 regarding conservation; and (11) demand-side technology programs  
1456 recommended by the procurement plan approved by the Department  
1457 of Public Utility Control pursuant to section 16a-3a of the general  
1458 statutes. Support may be by direct funding, manufacturers' rebates,  
1459 sale price and loan subsidies, leases and promotional and educational  
1460 activities.

1461       Sec. 29. (NEW) (*Effective July 1, 2009*) On or before March 1, 2010,  
1462 and annually thereafter, the Energy Conservation and Management  
1463 Board shall provide a consolidated report documenting conservation  
1464 and renewable resource program operation and activities developed  
1465 pursuant to section 28 of this act and sections 7-233y, 16-32f, 16-245m  
1466 and 16-245n of the general statutes, as amended by this act, in  
1467 accordance with the provisions of section 11-4a of the general statutes,  
1468 to the joint standing committees of the General Assembly having  
1469 cognizance of matters relating to energy, the environment and  
1470 commerce. The report shall document: (1) Expenditures and funding  
1471 for such programs; (2) program integration, including the extent to and  
1472 manner in which such board collaborated and cooperated with  
1473 municipal electric energy cooperative programs established pursuant  
1474 to section 7-233y of the general statutes, as amended by this act, the  
1475 Department of Social Services programs, and the joint or collaborative  
1476 activities with the Renewable Energy Investment Fund established  
1477 pursuant to section 16-245n of the general statutes, as amended by this

1478 act; (3) evaluation of the cost-effectiveness of conservation programs  
1479 and activities conducted in the preceding year, including any increased  
1480 cost-effectiveness, including reduced administrative expenses,  
1481 achieved by offering programs that save more than one fuel resource  
1482 and integrating programs; (4) the extent to which plan goals and  
1483 systemic savings were achieved for reducing energy use in the state;  
1484 and (5) in detail, the activities of the Renewable Energy Investment  
1485 Fund. Any costs for the consolidated annual reports shall be allocated  
1486 equitably among the entities with responsibility for such reports.

1487 Sec. 30. Section 7-233y of the general statutes is repealed and the  
1488 following is substituted in lieu thereof (*Effective July 1, 2009*):

1489 (a) Each municipal electric utility created pursuant to chapter 101 or  
1490 by special act shall, for investment in renewable energy sources and  
1491 for conservation and load management programs pursuant to this  
1492 section, accrue from each kilowatt hour of its metered firm electric  
1493 retail sales, exclusive of such sales to United States government naval  
1494 facilities in this state, no less than the following amounts during the  
1495 following periods, in a manner conforming to the requirement of this  
1496 section: (1) 1.0 mills on and after January 1, 2006; (2) 1.3 mills on and  
1497 after January 1, 2007; (3) 1.6 mills on and after January 1, 2008; (4) 1.9  
1498 mills on and after January 1, 2009; (5) 2.2 mills on and after January 1,  
1499 2010; and (6) 2.5 mills on and after January 1, 2011.

1500 (b) There is hereby created a municipal energy conservation and  
1501 load management fund in each municipal electric energy cooperative  
1502 created pursuant to this chapter, which fund shall be a separate and  
1503 dedicated fund to be held and administered by such cooperative. The  
1504 fund may receive an amount required by law to be deposited into the  
1505 fund and may receive any federal or other funds as may become  
1506 available for conservation and load management and renewable  
1507 resources. Each municipal electric utility created pursuant to chapter  
1508 101 or by special act that is a member or participant in such a  
1509 municipal electric energy cooperative shall accrue and deposit such  
1510 amounts as specified in subsection (a) of this section into such fund.

1511 Any balance remaining in the fund at the end of any fiscal year shall be  
1512 carried forward in the fiscal year next succeeding. Disbursements from  
1513 the fund shall be made pursuant to the comprehensive electric  
1514 conservation and load management plan prepared by the cooperative  
1515 in accordance with subsection (c) of this section.

1516 (c) Such cooperative shall, annually, adopt a comprehensive plan for  
1517 the expenditure of such funds by the cooperative on behalf of such  
1518 municipal electric utilities for the purpose of carrying out electric  
1519 conservation, investments in renewable energy sources, energy  
1520 efficiency and electric load management programs funded by the  
1521 charge accrued pursuant to subsection (a) of this section. The  
1522 cooperative shall expend or cause to be expended the amounts held in  
1523 such fund in conformity with the adopted plan. The plan may direct  
1524 the expenditure of funds on facilities or measures located in any one or  
1525 more of the service areas of the municipal electric utilities who are  
1526 members or participants in such cooperative and may provide for the  
1527 establishment of goals and standards for measuring the cost  
1528 effectiveness of expenditures made from such fund, for the  
1529 minimization of federally mandated congestion charges and for  
1530 achieving appropriate geographic coverage and scope in each such  
1531 service area. Such plan shall be consistent with the comprehensive  
1532 plan of the Energy Conservation Management Board established under  
1533 section [16-245m] 28 of this act. Such cooperative, annually, shall  
1534 submit its plan to such board for review and provide documentation  
1535 and information for the consolidated report prepared by the Energy  
1536 and Conservation Management Board pursuant to section 29 of this  
1537 act.

1538 Sec. 31. Section 16-32f of the general statutes is repealed and the  
1539 following is substituted in lieu thereof (*Effective July 1, 2009*):

1540 (a) On or before October first of each even-numbered year, a gas  
1541 company, as defined in section 16-1, shall furnish a report to the  
1542 Department of Public Utility Control containing a five-year forecast of  
1543 loads and resources. The report shall describe the facilities and supply

1544 sources that, in the judgment of such gas company, will be required to  
1545 meet gas demands during the forecast period. The report shall be  
1546 made available to the public and shall be furnished to the Energy  
1547 Conservation Management Board, the chief executive officer of each  
1548 municipality in the service area of such gas company, the regional  
1549 planning agency which encompasses each such municipality, the  
1550 Attorney General, the president pro tempore of the Senate, the speaker  
1551 of the House of Representatives, the joint standing [committee]  
1552 committees of the General Assembly having cognizance of matters  
1553 relating to [public utilities] energy, the environment and commerce,  
1554 any other member of the General Assembly making a request to the  
1555 department for the report and such other state and municipal entities  
1556 as the department may designate by regulation. The report shall  
1557 include: (1) A tabulation of estimated peak loads and resources for  
1558 each year; (2) data on gas use and peak loads for the five preceding  
1559 calendar years; (3) a list of present and projected gas supply sources;  
1560 (4) specific measures to control load growth and promote conservation;  
1561 and (5) such other information as the department may require by  
1562 regulation. A full description of the methodology used to arrive at the  
1563 forecast of loads and resources shall also be furnished to the  
1564 department. The department shall hold a public hearing on such  
1565 reports upon the request of any person. On or before August first of  
1566 each odd-numbered year, the department may request a gas company  
1567 to furnish to the department an updated report. A gas company shall  
1568 furnish any such updated report not later than sixty days following the  
1569 request of the department.

1570 (b) [Not later than October 1, 2005, and annually thereafter] On or  
1571 before October first of each year, a gas company, as defined in section  
1572 16-1, shall submit to the Energy Conservation Management Board and  
1573 the Department of Public Utility Control a gas conservation plan, in  
1574 accordance with the provisions of [this] section [, to implement cost-  
1575 effective energy conservation programs and market transformation  
1576 initiatives. All supply and conservation and load management options  
1577 shall be evaluated and selected within an integrated supply and

1578 demand planning framework. Such plan shall be funded during each  
1579 state fiscal year by the revenue from the tax imposed by section 12-264  
1580 on the gross receipts of sales of all public services companies that is in  
1581 excess of the revenue estimate for said tax that is approved by the  
1582 General Assembly in the appropriations act for such fiscal year,  
1583 provided the amount of such excess revenue that shall be allocated to  
1584 fund such plan in any state fiscal year shall not exceed ten million  
1585 dollars. Before the accounts for the General Fund have been closed for  
1586 each fiscal year, such excess revenue shall be deposited by the  
1587 Comptroller in an account held by the Energy Conservation  
1588 Management Board, established pursuant to section 16-245m. Services  
1589 provided under the plan shall be available to all gas company  
1590 customers. Each gas company shall apply to the Energy Conservation  
1591 Management Board for reimbursement for expenditures pursuant to  
1592 the plan. The department shall, in an uncontested proceeding during  
1593 which the department may hold a public hearing, approve, modify or  
1594 reject the plan] 28 of this act.

1595 [(c) (1) The Energy Conservation Management Board shall advise  
1596 and assist each such gas company in the development and  
1597 implementation of the plan submitted under subsection (b) of this  
1598 section. Each program contained in the plan shall be reviewed by each  
1599 such gas company and shall be either accepted, modified or rejected by  
1600 the Energy Conservation Management Board before submission of the  
1601 plan to the department for approval. The Energy Conservation  
1602 Management Board shall, as part of its review, examine opportunities  
1603 to offer joint programs providing similar efficiency measures that save  
1604 more than one fuel resource or to otherwise coordinate programs  
1605 targeted at saving more than one fuel resource. Any costs for joint  
1606 programs shall be allocated equitably among the conservation  
1607 programs.

1608 (2) Programs included in the plan shall be screened through cost-  
1609 effectiveness testing that compares the value and payback period of  
1610 program benefits to program costs to ensure that the programs are  
1611 designed to obtain gas savings whose value is greater than the costs of

1612 the program. Program cost-effectiveness shall be reviewed annually by  
1613 the department, or otherwise as is practicable. If the department  
1614 determines that a program fails the cost-effectiveness test as part of the  
1615 review process, the program shall either be modified to meet the test  
1616 or be terminated. On or before January 1, 2007, and annually  
1617 thereafter, the board shall provide a report, in accordance with the  
1618 provisions of section 11-4a, to the joint standing committees of the  
1619 General Assembly having cognizance of matters relating to energy and  
1620 the environment, that documents expenditures and funding for such  
1621 programs and evaluates the cost-effectiveness of such programs  
1622 conducted in the preceding year, including any increased cost-  
1623 effectiveness owing to offering programs that save more than one fuel  
1624 resource.

1625 (3) Programs included in the plan may include, but are not limited  
1626 to: (A) Conservation and load management programs, including  
1627 programs that benefit low-income individuals; (B) research,  
1628 development and commercialization of products or processes that are  
1629 more energy-efficient than those generally available; (C) development  
1630 of markets for such products and processes; (D) support for energy use  
1631 assessment, engineering studies and services related to new  
1632 construction or major building renovations; (E) the design,  
1633 manufacture, commercialization and purchase of energy-efficient  
1634 appliances, air conditioning and heating devices; (F) program planning  
1635 and evaluation; (G) joint fuel conservation initiatives and programs  
1636 targeted at saving more than one fuel resource; and (H) public  
1637 education regarding conservation. Such support may be by direct  
1638 funding, manufacturers' rebates, sale price and loan subsidies, leases  
1639 and promotional and educational activities. The plan shall also provide  
1640 for expenditures by the Energy Conservation Management Board for  
1641 the retention of expert consultants and reasonable administrative costs,  
1642 provided such consultants shall not be employed by, or have any  
1643 contractual relationship with, a gas company. Such costs shall not  
1644 exceed five per cent of the total cost of the plan.]

1645 (c) Annually, each gas company shall provide documentation and

1646 information for the consolidated report prepared by the Energy  
1647 Conservation Management Board pursuant to section 29 of this act.

1648 Sec. 32. Section 16-245m of the general statutes is repealed and the  
1649 following is substituted in lieu thereof (*Effective July 1, 2009*):

1650 (a) [(1)] On and after January 1, 2000, the Department of Public  
1651 Utility Control shall assess or cause to be assessed a charge of three  
1652 mills per kilowatt hour of electricity sold to each end use customer of  
1653 an electric distribution company to be used to implement the program  
1654 as provided in this section for conservation and load management  
1655 programs but not for the amortization of costs incurred prior to July 1,  
1656 1997, for such conservation and load management programs.

1657 [(2)] Notwithstanding the provisions of this section, receipts from  
1658 such charge shall be disbursed to the resources of the General Fund  
1659 during the period from July 1, 2003, to June 30, 2005, unless the  
1660 department shall, on or before October 30, 2003, issue a financing order  
1661 for each affected electric distribution company in accordance with  
1662 sections 16-245e to 16-245k, inclusive, to sustain funding of  
1663 conservation and load management programs by substituting an  
1664 equivalent amount, as determined by the department in such financing  
1665 order, of proceeds of rate reduction bonds for disbursement to the  
1666 resources of the General Fund during the period from July 1, 2003, to  
1667 June 30, 2005. The department may authorize in such financing order  
1668 the issuance of rate reduction bonds that substitute for disbursement to  
1669 the General Fund for receipts of both the charge under this subsection  
1670 and under subsection (b) of section 16-245n and also may, in its  
1671 discretion, authorize the issuance of rate reduction bonds under this  
1672 subsection and subsection (b) of section 16-245n that relate to more  
1673 than one electric distribution company. The department shall, in such  
1674 financing order or other appropriate order, offset any increase in the  
1675 competitive transition assessment necessary to pay principal,  
1676 premium, if any, interest and expenses of the issuance of such rate  
1677 reduction bonds by making an equivalent reduction to the charge  
1678 imposed under this subsection, provided any failure to offset all or any

1679 portion of such increase in the competitive transition assessment shall  
1680 not affect the need to implement the full amount of such increase as  
1681 required by this subsection and by sections 16-245e to 16-245k,  
1682 inclusive. Such financing order shall also provide if the rate reduction  
1683 bonds are not issued, any unrecovered funds expended and committed  
1684 by the electric distribution companies for conservation and load  
1685 management programs, provided such expenditures were approved  
1686 by the department after August 20, 2003, and prior to the date of  
1687 determination that the rate reduction bonds cannot be issued, shall be  
1688 recovered by the companies from their respective competitive  
1689 transition assessment or systems benefits charge but such expenditures  
1690 shall not exceed four million dollars per month. All receipts from the  
1691 remaining charge imposed under this subsection, after reduction of  
1692 such charge to offset the increase in the competitive transition  
1693 assessment as provided in this subsection, shall be disbursed to the  
1694 Energy Conservation and Load Management Fund commencing as of  
1695 July 1, 2003. Any increase in the competitive transition assessment or  
1696 decrease in the conservation and load management component of an  
1697 electric distribution company's rates resulting from the issuance of or  
1698 obligations under rate reduction bonds shall be included as rate  
1699 adjustments on customer bills.]

1700 (b) The electric distribution company shall establish an Energy  
1701 Conservation and Load Management Fund which shall be held  
1702 separate and apart from all other funds or accounts. The fund may  
1703 receive any amount required by law to be deposited into the fund and  
1704 may receive any federal or other funds as may become available for  
1705 conservation and load management and renewable resources. Receipts  
1706 from the charge imposed under subsection (a) of this section shall be  
1707 deposited into the fund. Any balance remaining in the fund at the end  
1708 of any fiscal year shall be carried forward in the fiscal year next  
1709 succeeding. Disbursements from the fund or its subaccount by electric  
1710 distribution companies to carry out the plan developed under  
1711 [subsection (d) of this] section 28 of this act shall be authorized by the  
1712 Department of Public Utility Control upon its approval of such plan.

1713 [(c) The Department of Public Utility Control shall appoint and  
1714 convene an Energy Conservation Management Board which shall  
1715 include representatives of: (1) An environmental group knowledgeable  
1716 in energy conservation program collaboratives; (2) the Office of  
1717 Consumer Counsel; (3) the Attorney General; (4) the Department of  
1718 Environmental Protection; (5) the electric distribution companies in  
1719 whose territories the activities take place for such programs; (6) a state-  
1720 wide manufacturing association; (7) a chamber of commerce; (8) a  
1721 state-wide business association; (9) a state-wide retail organization;  
1722 (10) a representative of a municipal electric energy cooperative created  
1723 pursuant to chapter 101a; (11) two representatives selected by the gas  
1724 companies in this state; and (12) residential customers. Such members  
1725 shall serve for a period of five years and may be reappointed.  
1726 Representatives of the gas companies shall not vote on matters  
1727 unrelated to gas conservation. Representatives of the electric  
1728 distribution companies and the municipal electric energy cooperative  
1729 shall not vote on matters unrelated to electricity conservation.]

1730 (c) On or before October first of each year, an electric distribution  
1731 company shall submit to the Energy Conservation Management Board  
1732 and the Department of Public Utility Control a conservation plan in  
1733 accordance with the provisions of section 28 of this act.

1734 [(d) (1) The Energy Conservation Management Board shall advise  
1735 and assist the electric distribution companies in the development and  
1736 implementation of a comprehensive plan, which plan shall be  
1737 approved by the Department of Public Utility Control, to implement  
1738 cost-effective energy conservation programs and market  
1739 transformation initiatives. Each program contained in the plan shall be  
1740 reviewed by the electric distribution company and either accepted or  
1741 rejected by the Energy Conservation Management Board prior to  
1742 submission to the department for approval. The Energy Conservation  
1743 Management Board shall, as part of its review, examine opportunities  
1744 to offer joint programs providing similar efficiency measures that save  
1745 more than one fuel resource or otherwise to coordinate programs  
1746 targeted at saving more than one fuel resource. Any costs for joint

1747 programs shall be allocated equitably among the conservation  
1748 programs. The Energy Conservation Management Board shall give  
1749 preference to projects that maximize the reduction of federally  
1750 mandated congestion charges. The Department of Public Utility  
1751 Control shall, in an uncontested proceeding during which the  
1752 department may hold a public hearing, approve, modify or reject the  
1753 comprehensive plan prepared pursuant to this subsection.

1754 (2) There shall be a joint committee of the Energy Conservation  
1755 Management Board and the Renewable Energy Investments Board.  
1756 The board and the advisory committee shall each appoint members to  
1757 such joint committee. The joint committee shall examine opportunities  
1758 to coordinate the programs and activities funded by the Renewable  
1759 Energy Investment Fund pursuant to section 16-245n with the  
1760 programs and activities contained in the plan developed under this  
1761 subsection to reduce the long-term cost, environmental impacts and  
1762 security risks of energy in the state. Such joint committee shall hold its  
1763 first meeting on or before August 1, 2005.

1764 (3) Programs included in the plan developed under subdivision (1)  
1765 of this subsection shall be screened through cost-effectiveness testing  
1766 which compares the value and payback period of program benefits to  
1767 program costs to ensure that programs are designed to obtain energy  
1768 savings and system benefits, including mitigation of federally  
1769 mandated congestion charges, whose value is greater than the costs of  
1770 the programs. Cost-effectiveness testing shall utilize available  
1771 information obtained from real-time monitoring systems to ensure  
1772 accurate validation and verification of energy use. Such testing shall  
1773 include an analysis of the effects of investments on increasing the  
1774 state's load factor. Program cost-effectiveness shall be reviewed  
1775 annually, or otherwise as is practicable. If a program is determined to  
1776 fail the cost-effectiveness test as part of the review process, it shall  
1777 either be modified to meet the test or shall be terminated. On or before  
1778 March 1, 2005, and on or before March first annually thereafter, the  
1779 board shall provide a report, in accordance with the provisions of  
1780 section 11-4a, to the joint standing committees of the General

1781 Assembly having cognizance of matters relating to energy and the  
1782 environment (A) that documents expenditures and fund balances and  
1783 evaluates the cost-effectiveness of such programs conducted in the  
1784 preceding year, and (B) that documents the extent to and manner in  
1785 which the programs of such board collaborated and cooperated with  
1786 programs, established under section 7-233y, of municipal electric  
1787 energy cooperatives. To maximize the reduction of federally mandated  
1788 congestion charges, programs in the plan may allow for  
1789 disproportionate allocations between the amount of contributions to  
1790 the Energy Conservation and Load Management Funds by a certain  
1791 rate class and the programs that benefit such a rate class. Before  
1792 conducting such evaluation, the board shall consult with the  
1793 Renewable Energy Investments Board. The report shall include a  
1794 description of the activities undertaken during the reporting period  
1795 jointly or in collaboration with the Renewable Energy Investment  
1796 Fund established pursuant to subsection (c) of section 16-245n.

1797 (4) Programs included in the plan developed under subdivision (1)  
1798 of this subsection may include, but not be limited to: (A) Conservation  
1799 and load management programs, including programs that benefit low-  
1800 income individuals; (B) research, development and commercialization  
1801 of products or processes which are more energy-efficient than those  
1802 generally available; (C) development of markets for such products and  
1803 processes; (D) support for energy use assessment, real-time monitoring  
1804 systems, engineering studies and services related to new construction  
1805 or major building renovation; (E) the design, manufacture,  
1806 commercialization and purchase of energy-efficient appliances and  
1807 heating, air conditioning and lighting devices; (F) program planning  
1808 and evaluation; (G) indoor air quality programs relating to energy  
1809 conservation; (H) joint fuel conservation initiatives programs targeted  
1810 at reducing consumption of more than one fuel resource; (I) public  
1811 education regarding conservation; and (J) the demand-side technology  
1812 programs recommended by the procurement plan approved by the  
1813 Department of Public Utility Control pursuant to section 16a-3a. Such  
1814 support may be by direct funding, manufacturers' rebates, sale price

1815 and loan subsidies, leases and promotional and educational activities.  
1816 The plan shall also provide for expenditures by the Energy  
1817 Conservation Management Board for the retention of expert  
1818 consultants and reasonable administrative costs provided such  
1819 consultants shall not be employed by, or have any contractual  
1820 relationship with, an electric distribution company. Such costs shall  
1821 not exceed five per cent of the total revenue collected from the  
1822 assessment.]

1823 (d) Each electric distribution company annually shall provide  
1824 documentation and information for the consolidated report prepared  
1825 by the Energy Conservation Management Board pursuant to section 29  
1826 of this act.

1827 (e) Notwithstanding the provisions of subsections (a) to (d),  
1828 inclusive, of this section, the Department of Public Utility Control shall  
1829 authorize the disbursement of a total of one million dollars in each  
1830 month, commencing with July, 2003, and ending with July, 2005, from  
1831 the Energy Conservation and Load Management Funds established  
1832 pursuant to said subsections. The amount disbursed from each Energy  
1833 Conservation and Load Management Fund shall be proportionately  
1834 based on the receipts received by each fund. Such disbursements shall  
1835 be deposited in the General Fund.

1836 (f) No later than December 31, 2006, and no later than December  
1837 thirty-first every five years thereafter, the Energy Conservation  
1838 Management Board shall, after consulting with the Renewable Energy  
1839 Investments Board, conduct an evaluation of the performance of the  
1840 programs and activities of the fund and submit a report, in accordance  
1841 with the provisions of section 11-4a, of the evaluation to the joint  
1842 standing committee of the General Assembly having cognizance of  
1843 matters relating to energy.

1844 (g) Repealed by P.A. 06-186, S. 91, effective July 1, 2006.

1845 Sec. 33. Section 16-245n of the general statutes is repealed and the  
1846 following is substituted in lieu thereof (*Effective July 1, 2009*):

1847 (a) For purposes of this section, "renewable energy" means solar  
1848 photovoltaic energy, solar thermal, geothermal energy, wind, ocean  
1849 thermal energy, wave or tidal energy, fuel cells, landfill gas,  
1850 hydropower that meets the low-impact standards of the Low-Impact  
1851 Hydropower Institute, hydrogen production and hydrogen conversion  
1852 technologies, low emission advanced biomass conversion technologies,  
1853 alternative fuels, used for electricity generation including ethanol,  
1854 biodiesel or other fuel produced in Connecticut and derived from  
1855 agricultural produce, food waste or waste vegetable oil, provided the  
1856 Commissioner of Environmental Protection determines that such fuels  
1857 provide net reductions in greenhouse gas emissions and fossil fuel  
1858 consumption, usable electricity from combined heat and power  
1859 systems with waste heat recovery systems, thermal storage systems  
1860 and other energy resources and emerging technologies which have  
1861 significant potential for commercialization and which do not involve  
1862 the combustion of coal, petroleum or petroleum products, municipal  
1863 solid waste or nuclear fission.

1864 (b) On and after July 1, 2004, the Department of Public Utility  
1865 Control shall assess or cause to be assessed a charge of not less than  
1866 one mill per kilowatt hour charged to each end use customer of electric  
1867 services in this state which shall be deposited into the Renewable  
1868 Energy Investment Fund established under subsection (c) of this  
1869 section. Notwithstanding the provisions of this section, receipts from  
1870 such charges shall be disbursed to the resources of the General Fund  
1871 during the period from July 1, 2003, to June 30, 2005, unless the  
1872 department shall, on or before October 30, 2003, issue a financing order  
1873 for each affected distribution company in accordance with sections 16-  
1874 245e to 16-245k, inclusive, to sustain funding of renewable energy  
1875 investment programs by substituting an equivalent amount, as  
1876 determined by the department in such financing order, of proceeds of  
1877 rate reduction bonds for disbursement to the resources of the General  
1878 Fund during the period from July 1, 2003, to June 30, 2005. The  
1879 department may authorize in such financing order the issuance of rate  
1880 reduction bonds that substitute for disbursement to the General Fund

1881 for receipts of both charges under this subsection and subsection (a) of  
1882 section 16-245m, as amended by this act, and also may in its discretion  
1883 authorize the issuance of rate reduction bonds under this subsection  
1884 and subsection (a) of section 16-245m, as amended by this act, that  
1885 relate to more than one electric distribution company. The department  
1886 shall, in such financing order or other appropriate order, offset any  
1887 increase in the competitive transition assessment necessary to pay  
1888 principal, premium, if any, interest and expenses of the issuance of  
1889 such rate reduction bonds by making an equivalent reduction to the  
1890 charges imposed under this subsection, provided any failure to offset  
1891 all or any portion of such increase in the competitive transition  
1892 assessment shall not affect the need to implement the full amount of  
1893 such increase as required by this subsection and sections 16-245e to 16-  
1894 245k, inclusive. Such financing order shall also provide if the rate  
1895 reduction bonds are not issued, any unrecovered funds expended and  
1896 committed by the electric distribution companies for renewable  
1897 resource investment through deposits into the Renewable Energy  
1898 Investment Fund, provided such expenditures were approved by the  
1899 department following August 20, 2003, and prior to the date of  
1900 determination that the rate reduction bonds cannot be issued, shall be  
1901 recovered by the companies from their respective competitive  
1902 transition assessment or systems benefits charge except that such  
1903 expenditures shall not exceed one million dollars per month. All  
1904 receipts from the remaining charges imposed under this subsection,  
1905 after reduction of such charges to offset the increase in the competitive  
1906 transition assessment as provided in this subsection, shall be disbursed  
1907 to the Renewable Energy Investment Fund commencing as of July 1,  
1908 2003. Any increase in the competitive transition assessment or decrease  
1909 in the renewable energy investment component of an electric  
1910 distribution company's rates resulting from the issuance of or  
1911 obligations under rate reduction bonds shall be included as rate  
1912 adjustments on customer bills.

1913 (c) There is hereby created a Renewable Energy Investment Fund  
1914 which shall be within Connecticut Innovations, Incorporated for

1915 administrative purposes only. The fund may receive any amount  
1916 required by law to be deposited into the fund and may receive any  
1917 federal or other funds as may become available to the state for  
1918 renewable energy investments. Upon authorization of the Renewable  
1919 Energy Investments Board established pursuant to subsection (d) of  
1920 this section, Connecticut Innovations, Incorporated, may use any  
1921 amount in said fund for expenditures that promote investment in  
1922 renewable energy sources in accordance with a comprehensive plan  
1923 developed by it to foster the growth, development and  
1924 commercialization of renewable energy sources, related enterprises  
1925 and stimulate demand for renewable energy and deployment of  
1926 renewable energy sources that serve end use customers in this state  
1927 and for the further purpose of supporting operational demonstration  
1928 projects for advanced technologies that reduce energy use from  
1929 traditional sources and ensure available conservation and renewable  
1930 resources programs are integrated, to the extent practicable, to simplify  
1931 consumer access to integrated services of all available resources,  
1932 minimize expenses in the administration of each program and reduce  
1933 environmental impacts and security risks of energy in the state. Such  
1934 expenditures may include, but not be limited to, reimbursement for  
1935 services provided by the administrator of the fund including a  
1936 management fee, disbursements from the fund to develop and carry  
1937 out the plan developed pursuant to subsection (d) of this section,  
1938 grants, direct or equity investments, contracts or other actions which  
1939 support research, development, manufacture, commercialization,  
1940 deployment and installation of renewable energy technologies, and  
1941 actions which expand the expertise of individuals, businesses and  
1942 lending institutions with regard to renewable energy technologies.

1943 (d) There is hereby created a Renewable Energy Investments Board  
1944 to act on matters related to the Renewable Energy Investment Fund,  
1945 including, but not limited to, development of a comprehensive plan  
1946 and expenditure of funds. The Renewable Energy Investments Board  
1947 shall, in such plan, give preference to projects that maximize the  
1948 reduction of federally mandated congestion charges. The Renewable

1949 Energy Investments Board shall make a draft of the comprehensive  
1950 plan available for public comment for not less than thirty days. The  
1951 board shall conduct three public hearings in three different regions of  
1952 the state on the draft comprehensive plan and shall include a  
1953 summarization of all public comments received at said public hearings  
1954 in the final comprehensive plan approved by the board. The board  
1955 shall provide a copy of the comprehensive plan, in accordance with the  
1956 provisions of section 11-4a, to the joint standing committees of the  
1957 General Assembly having cognizance of matters relating to energy, the  
1958 environment and commerce and to the Energy Conservation  
1959 Management Board. The Department of Public Utility Control shall, in  
1960 an uncontested proceeding, during which the department may hold a  
1961 public hearing, approve, modify or reject the comprehensive plan  
1962 prepared pursuant to this subsection.

1963 (e) The Renewable Energy Investments Board shall include not  
1964 more than [~~fifteen~~] sixteen individuals with knowledge and experience  
1965 in matters related to the purpose and activities of the Renewable  
1966 Energy Investment Fund. The board shall consist of the following  
1967 members: (1) One person with expertise regarding renewable energy  
1968 resources appointed by the speaker of the House of Representatives;  
1969 (2) one person representing a state or regional organization primarily  
1970 concerned with environmental protection appointed by the president  
1971 pro tempore of the Senate; (3) one person with experience in business  
1972 or commercial investments appointed by the majority leader of the  
1973 House of Representatives; (4) one person representing a state or  
1974 regional organization primarily concerned with environmental  
1975 protection appointed by the majority leader of the Senate; (5) one  
1976 person with experience in business or commercial investments  
1977 appointed by the minority leader of the House of Representatives; (6)  
1978 the Commissioner of Emergency Management and Homeland Security  
1979 or the commissioner's designee; (7) one person with expertise  
1980 regarding renewable energy resources appointed by the Governor; (8)  
1981 two persons with experience in business or commercial investments  
1982 appointed by the board of directors of Connecticut Innovations,

1983 Incorporated; (9) a representative of a state-wide business association,  
1984 manufacturing association or chamber of commerce appointed by the  
1985 minority leader of the Senate; (10) the Consumer Counsel; (11) the  
1986 Secretary of the Office of Policy and Management or the secretary's  
1987 designee; (12) the Commissioner of Environmental Protection or the  
1988 commissioner's designee; (13) a representative of organized labor  
1989 appointed by the Governor; [and] (14) a representative of residential  
1990 customers or low-income customers appointed by the Governor; and  
1991 (15) a representative of the Energy Conservation Management Board  
1992 selected by such board. On a biennial basis, the board shall elect a  
1993 chairperson and vice-chairperson from among its members and shall  
1994 adopt such bylaws and procedures it deems necessary to carry out its  
1995 functions. The board may establish committees and subcommittees as  
1996 necessary to conduct its business.

1997 (f) The board annually shall [issue annually a report to the  
1998 Department of Public Utility Control reviewing the activities of the  
1999 Renewable Energy Investment Fund in detail and shall provide a copy  
2000 of such report, in accordance with the provisions of section 11-4a, to  
2001 the joint standing committees of the General Assembly having  
2002 cognizance of matters relating to energy and commerce and the Office  
2003 of Consumer Counsel. The report shall include a description of the  
2004 programs and activities undertaken during the reporting period jointly  
2005 or in collaboration with the Energy Conservation and Load  
2006 Management Funds established pursuant to section 16-245m] provide  
2007 documentation and information for the consolidated report prepared  
2008 by the Energy Conservation Management Board pursuant to section 29  
2009 of this act.

2010 (g) There shall be a joint committee of the Energy Conservation  
2011 Management Board and the Renewable Energy Investments Board, as  
2012 provided in [subdivision (2) of] subsection (d) of section [16-245m] 26  
2013 of this act.

2014 (h) No later than December 31, 2006, and no later than December  
2015 thirty-first every five years thereafter, the board shall, after consulting

2016 with the Energy Conservation Management Board, conduct an  
2017 evaluation of the performance of the programs and activities of the  
2018 fund and submit a report, in accordance with the provisions of section  
2019 11-4a, of the evaluation to the joint standing committees of the General  
2020 Assembly having cognizance of matters relating to energy and  
2021 commerce.

2022 Sec. 34. Section 16a-41a of the general statutes is repealed and the  
2023 following is substituted in lieu thereof (*Effective July 1, 2009*):

2024 (a) The Commissioner of Social Services shall submit to the joint  
2025 standing committees of the General Assembly having cognizance of  
2026 energy planning and activities, appropriations, and human services the  
2027 following on the implementation of the block grant program  
2028 authorized under the Low-Income Home Energy Assistance Act of  
2029 1981, as amended:

2030 (1) Not later than August first, annually, a Connecticut energy  
2031 assistance program annual plan which establishes guidelines for the  
2032 use of funds authorized under the Low-Income Home Energy  
2033 Assistance Act of 1981, as amended, and includes the following:

2034 (A) Criteria for determining which households are to receive  
2035 emergency and weatherization assistance;

2036 (B) A description of systems used to ensure referrals to other energy  
2037 assistance programs and the taking of simultaneous applications, as  
2038 required under section 16a-41;

2039 (C) A description of outreach efforts;

2040 (D) Estimates of the total number of households eligible for  
2041 assistance under the program and the number of households in which  
2042 one or more elderly or physically disabled individuals eligible for  
2043 assistance reside; [and]

2044 (E) Design of a basic grant for eligible households that does not  
2045 discriminate against such households based on the type of energy used

2046 for heating; and

2047 (F) The Department of Social Services' system for (i) identifying  
2048 households to whom it provides cash, medical or food assistance who  
2049 may be eligible for conservation assistance through programs  
2050 developed pursuant to the comprehensive conservation plan approved  
2051 in accordance with section 28 of this act and sections 7-233y, 16-32f, as  
2052 amended by this act, and 16-245m, as amended by this act, (ii)  
2053 obtaining permission from such households to transmit information  
2054 regarding the households to such conservation programs for purposes  
2055 of facilitating provision of any available conservation resource, and  
2056 (iii) systematically transmitting household information to such  
2057 conservation programs when permission has been obtained. Such  
2058 system shall be part of the department's application and periodic  
2059 redetermination eligibility procedures and shall be developed in  
2060 consultation with the Energy Conservation Management Board;

2061 (2) Not later than January thirtieth, annually, a report covering the  
2062 preceding months of the program year, including:

2063 (A) In each community action agency geographic area and  
2064 Department of Social Services region, the number of fuel assistance  
2065 applications filed, approved and denied, the number of emergency  
2066 assistance requests made, approved and denied and the number of  
2067 households provided weatherization assistance;

2068 (B) In each such area and district, the total amount of fuel,  
2069 emergency and weatherization assistance, itemized by such type of  
2070 assistance, and total expenditures to date; and

2071 (C) For each state-wide office of each state agency administering the  
2072 program, each community action agency and each Department of  
2073 Social Services region, administrative expenses under the program, by  
2074 line item, and an estimate of outreach expenditures; and

2075 (3) Not later than November first, annually, a report covering the  
2076 preceding twelve calendar months, including:

2077 (A) In each community action agency geographic area and  
2078 Department of Social Services region, (i) seasonal totals for the  
2079 categories of data submitted under subdivision (1) of this subsection,  
2080 (ii) the number of households receiving fuel assistance in which elderly  
2081 or physically disabled individuals reside, and (iii) the average  
2082 combined benefit level of fuel, emergency and renter assistance;

2083 (B) Types of weatherization assistance provided;

2084 (C) Percentage of weatherization assistance provided to tenants;

2085 (D) The number of homeowners and tenants whose heat or total  
2086 energy costs are not included in their rent receiving fuel and  
2087 emergency assistance under the program by benefit level;

2088 (E) The number of homeowners and tenants whose heat is included  
2089 in their rent and who are receiving assistance, by benefit level; [and]

2090 (F) The number of households receiving assistance, by energy type  
2091 and total expenditures for each energy type; and

2092 (G) The number of households to which it provides cash, medical or  
2093 food assistance from which the Department of Social Services obtained  
2094 permission and transmitted information regarding the household to  
2095 conservation programs developed pursuant to the comprehensive  
2096 conservation plan approved in accordance with section 28 of this act  
2097 and sections 7-233y, 16-32f, as amended by this act, and 16-245m, as  
2098 amended by this act.

2099 (b) The Commissioner of Social Services shall implement a program  
2100 to purchase deliverable fuel for low-income households participating  
2101 in the Connecticut energy assistance program and the state-  
2102 appropriated fuel assistance program. The commissioner shall ensure  
2103 that no fuel vendor discriminates against fuel assistance program  
2104 recipients who are under the vendor's standard payment, delivery,  
2105 service or other similar plans. The commissioner may take advantage  
2106 of programs offered by fuel vendors that reduce the cost of the fuel

2107 purchased, including, but not limited to, fixed price, capped price,  
2108 prepurchase or summer-fill programs that reduce program cost and  
2109 that make the maximum use of program revenues. As funding allows,  
2110 the commissioner shall ensure that all agencies administering the fuel  
2111 assistance program shall make payments to program fuel vendors in  
2112 advance of the delivery of energy where vendor provided price-  
2113 management strategies require payments in advance.

2114 (c) Each community action agency administering a fuel assistance  
2115 program shall submit reports, as requested by the Commissioner of  
2116 Social Services, concerning pricing information from vendors of  
2117 deliverable fuel participating in the program. Such information shall  
2118 include, but not be limited to, the state-wide or regional retail price per  
2119 unit of deliverable fuel, the reduced price per unit paid by the state for  
2120 the deliverable fuel in utilizing price management strategies offered by  
2121 program vendors for all consumers, the number of units delivered to  
2122 the state under the program and the total savings under the program  
2123 due to the purchase of deliverable fuel utilizing price-management  
2124 strategies offered by program vendors for all consumers.

2125 (d) If funding allows, the Commissioner of Social Services, in  
2126 consultation with the Secretary of the Office of Policy and  
2127 Management, shall require that, each community action agency  
2128 administering a fuel assistance program begin accepting applications  
2129 for the program not later than September first of each year.

2130 (e) Weatherization assistance funded or administered by or through  
2131 the Department of Social Services shall be integrated, to the extent  
2132 practicable, with conservation programs adopted pursuant to section  
2133 28 of this act and sections 7-233y, 16-32f, as amended by this act, and  
2134 16-245m, as amended by this act, to simplify consumer access to  
2135 integrated services of all available resources and minimize expenses in  
2136 the administration of each program. The Commissioner of Social  
2137 Services shall, at least one month before adoption of any plan for  
2138 expenditure of funds for weatherization assistance or submission of  
2139 such plan to the General Assembly, any committees thereof or any

2140 federal agency, submit its proposed plan to the Energy Conservation  
2141 Management Board for advice regarding such plan and integration of  
2142 such weatherization assistance with conservation programs contained  
2143 in the comprehensive conservation plan approved in accordance with  
2144 said section 28 and said sections 7-233y, 16-32f, as amended by this act,  
2145 and 16-245m, as amended by this act. The commissioner shall provide  
2146 a copy of any final weatherization assistance plan before its  
2147 implementation to such board and to the joint standing committees of  
2148 the General Assembly having cognizance of matters relating to energy,  
2149 the environment and human services and shall simultaneously report  
2150 the comments of the Energy Conservation Management Board and the  
2151 extent to which the weatherization assistance is integrated with other  
2152 available conservation programs.

2153       Sec. 35. Section 16-245z of the general statutes is repealed and the  
2154 following is substituted in lieu thereof (*Effective July 1, 2009*):

2155       [Not later than October 1, 2005, the] The Department of Public  
2156 Utility Control, [and] the Connecticut Electric Authority, the Energy  
2157 Conservation Management Board, established in section [16-245m,] 26  
2158 of this act, the Renewable Energy Resources Board established  
2159 pursuant to section 16-245n, as amended by this act, each electric  
2160 distribution company, each gas company and each municipal electric  
2161 utility to the extent programs may be available to their customers shall  
2162 establish links on their Internet web sites to web sites for conservation  
2163 and renewable resources programs in the comprehensive conservation  
2164 plan approved in accordance with section 28 of this act and sections 7-  
2165 233y, 16-32f, as amended by this act, and 16-245n, as amended by this  
2166 act, and web sites for other conservation assistance that may be  
2167 available to Connecticut residents, including rebate programs and tax  
2168 exemptions or reductions, and the Energy Star program or successor  
2169 program that promotes energy efficiency and each electric distribution  
2170 company shall establish a link under its conservation programs on its  
2171 Internet web site to the Energy Star program or such successor  
2172 program.

2173 Sec. 36. Subdivision (2) of subsection (c) of section 4-73 of the  
 2174 general statutes is repealed and the following is substituted in lieu  
 2175 thereof (*Effective July 1, 2009*):

2176 (2) In addition, the supporting schedule of agency energy costs shall  
 2177 be supported by a statement of the agency's plans for energy  
 2178 conservation in each fiscal year of the ensuing biennium, and a  
 2179 statement of the progress the agency has made in the last-completed  
 2180 fiscal year concerning energy conservation. For the biennium  
 2181 commencing July 1, 2010, and each biennium thereafter, the Office of  
 2182 Policy and Management shall submit in accordance with the  
 2183 provisions of section 11-4a such supporting schedule to the joint  
 2184 standing committees of the General Assembly having cognizance of  
 2185 matters relating to energy, the environment and commerce.

2186 Sec. 37. Sections 7-233z and 16a-22l of the general statutes and  
 2187 subsections (e) and (f) of section 16-245m of the general statutes, as  
 2188 amended by this act, are repealed. (*Effective July 1, 2009*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	4-5
Sec. 2	<i>October 1, 2009</i>	1-120
Sec. 3	<i>October 1, 2009</i>	1-79(l)
Sec. 4	<i>October 1, 2009</i>	New section
Sec. 5	<i>October 1, 2009</i>	16a-3b
Sec. 6	<i>October 1, 2009</i>	16a-3c
Sec. 7	<i>October 1, 2009</i>	16-245l
Sec. 8	<i>October 1, 2010</i>	New section
Sec. 9	<i>October 1, 2010</i>	New section
Sec. 10	<i>October 1, 2010</i>	New section
Sec. 11	<i>October 1, 2010</i>	New section
Sec. 12	<i>October 1, 2010</i>	New section
Sec. 13	<i>October 1, 2010</i>	New section
Sec. 14	<i>October 1, 2009</i>	16-244c(c)
Sec. 15	<i>October 1, 2009</i>	New section
Sec. 16	<i>October 1, 2009</i>	16-4

Sec. 17	<i>October 1, 2009</i>	16a-3(a)
Sec. 18	<i>October 1, 2009</i>	22a-198(f)
Sec. 19	<i>October 1, 2009</i>	4-65a(a)
Sec. 20	<i>October 1, 2009</i>	4a-57(e)(2)
Sec. 21	<i>October 1, 2009</i>	16-19e
Sec. 22	<i>October 1, 2009</i>	16-243m(m)
Sec. 23	<i>October 1, 2009</i>	16-244d(b)
Sec. 24	<i>October 1, 2009</i>	16a-48(d)
Sec. 25	<i>October 1, 2009</i>	16-246e
Sec. 26	<i>July 1, 2009</i>	New section
Sec. 27	<i>July 1, 2009</i>	New section
Sec. 28	<i>July 1, 2009</i>	New section
Sec. 29	<i>July 1, 2009</i>	New section
Sec. 30	<i>July 1, 2009</i>	7-233y
Sec. 31	<i>July 1, 2009</i>	16-32f
Sec. 32	<i>July 1, 2009</i>	16-245m
Sec. 33	<i>July 1, 2009</i>	16-245n
Sec. 34	<i>July 1, 2009</i>	16a-41a
Sec. 35	<i>July 1, 2009</i>	16-245z
Sec. 36	<i>July 1, 2009</i>	4-73(c)(2)
Sec. 37	<i>July 1, 2009</i>	Repealer section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect
Department of Revenue Services, Office of the State Treasurer, System Benefits Charge Fund, Fuel Oil Conservation Board account	See Below

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 10 \$	FY 11 \$
All Municipalities	Revenue Impact	See Below	See Below

**Explanation**

**Connecticut Electric Authority - Creation and Funding**

The bill establishes the Connecticut Electric Authority as a quasi-public agency and allows the authority to contract with electricity generators to buy power for standard service but also allows the authority to own and operate power plants.

The authority is given the power to hire an executive director, hire personnel, contract with the Connecticut Municipal Electric Energy Cooperative (CMEEC) for administrative services, and hire necessary consultants.

The operating expenses of the Connecticut Electric Authority will be paid for through the system benefits charge. The extent to which the new Authority costs will impact the rates paid to the system benefits charge is unknown.

The bill permits the authority to issue revenue bonds. This has no

state or municipal fiscal impact because the bill specifies that this debt is not a direct or contingent liability of either entity.

It also permits the public power authority to issue \$450 million in bonds secured by a state-backed Special Capital Reserve Fund (SCRF)<sup>1</sup>. Such bonds create a contingent liability for the General Fund that would only be realized in the event the authority was unable to make debt service payments. If the state were required to appropriate funds for this purpose, there would be a negative effect on the state's cash flow and a loss of short-term interest on the appropriated funds.

The bill requires the Office of the State Treasurer (OST) to act as the power authority's agent in handling the authority's funds. Since OST does not currently perform the duties indicated in the language, this requirement will result in an annual General Fund cost of up to \$100,000 beginning in FY 10 for staff time and computer resources to administer these duties.

The bill exempts the authority from state and local taxes and also exempts the authority's sale of property and services from the sales and use tax. This tax exemption will preclude a revenue gain to the General Fund and to municipalities in the future.

The bill also requires any person leasing a project from the authority to make a payment in lieu of taxes (PILOT), to the municipality that the project is located in, equal to the tax obligation the lessee would have to pay if they owned the property directly. This will result in a potential revenue gain to municipalities to the degree the authority leases out projects.

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<sup>1</sup> A Special Capital Reserve Fund (SCRF) pays the debt service on bonds if the borrower is unable to pay all or part of the scheduled payments. When the SCRF has been drawn down in part or completely, a draw on the General Fund is authorized and the reserve is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue.

### **Energy Conservation Funds**

The bill creates a gas subaccount within the Energy Conservation Fund but retains the funding stream.

The bill allows other deliverable fuels, such as propane to be covered under the Fuel Oil Conservation Board account. The bill retains the funding stream for the Fuel Oil Conservation Board account but includes a cap of \$5 million for FY 10 only. Current law states that a maximum of \$5 million of earnings in excess of the revenue collected from the petroleum products gross earnings in FY 06 will be deposited in the Fuel Oil Conservation Board account. This could result in a potential significant General Fund Revenue loss beginning in FY 11.

### **Other**

It is anticipated that OPM can submit a supporting schedule of state agency energy costs to the Energy and Technology Committee within the agency's normal budgetary resources.

Section 509 creates additional reporting and planning requirements for the Department of Social Services (DSS). DSS will incur a minimal administrative cost to meet these requirements.

House "A" makes the change to the cap on the Fuel Oil Conservation Board account. It also makes several other changes that do not result in a fiscal impact.

### **The Out Years**

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

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**OLR Bill Analysis****sHB 6510 (as amended by House "A")\******AN ACT ESTABLISHING A PUBLIC POWER AUTHORITY.*****SUMMARY:**

This bill creates the Connecticut Electric Authority as a quasi-public agency and specifies its purposes, which include increasing the state's energy independence by promoting conservation and efficiency and minimizing the costs of electric services to state consumers. The authority is governed by a seven-member board whose members are appointed by the governor and legislative leaders.

The bill allows the authority to contract with electricity generators to buy power for standard service. (Electric companies must provide this service to small and medium customers who do not choose a competitive supplier). The contracts are subject to Department of Public Utility Control (DPUC) approval. It also allows the authority to own and operate power plants and hire staff.

The bill has several provisions to avoid conflicts of interest between authority members and employees and the electric industry. These generally mirror conflict of interest provisions that apply to DPUC. The bill subjects the authority's members and employees to the State Ethics Code and applies the code of ethics for lobbyists to the authority.

The bill allows the authority to issue revenue bonds, with the State Bond Commission's approval, with terms of up to 40 years, and use their proceeds to implement the DPUC-approved integrated resources plan. (This plan meets the needs of electric company customers through a mix of conservation and supply measures.) The authority

can issue bonds that are subject to federal taxes. The bonds are not state or municipal obligations and must state this on their face. The bonds are subject to standard statutory provisions as to how they can be issued and repaid, bondholder protections, and who can invest in them. The bill imposes various duties on the state treasurer as the authority's agent in handling the authority's funds.

The bill allows the authority to establish special capital reserve funds (SCRFs) to back the bonds. Generally these bonds can be used only for electric generation projects. The bill caps the maximum amount of bonds that can be backed by SCRFs at \$450 million. SCRF-backed bonds are a contingent liability or potential financial responsibility of the state that may become a real financial responsibility if the authority fails to pay the debt service for SCRF-backed bonds it has issued.

The bill exempts the authority and its bonds from state and local taxes, but requires lessees of the authority to make payments in lieu of taxes (PILOTs).

The bill transfers, from DPUC to the authority, the responsibility for overseeing the process by which electric companies procure power for their standard service customers. It makes a number of changes in this process. It also transfers, from DPUC to the authority, the responsibility for overseeing the development and implementation of electric company integrated resources plans, under which they meet their customers' needs through a mix of efficiency programs, power purchases, and other measures. The bill requires the authority to be consulted on a number of energy-related matters.

Under the bill, the authority is funded by the systems benefits charge, a charge on electric company bills that pays for various public policies.

The bill integrates existing energy efficiency and renewable energy programs. Under current law, electric and gas companies submit their conservation plans to DPUC for approval in the case of electric

companies, the plans are first reviewed by the Energy Conservation Management Board (ECMB). The administrator of the fuel oil conservation program submits a plan to the Fuel Oil Conservation Board for its approval. The bill eliminates the Fuel Oil Conservation Board and transfers its responsibilities to ECMB. It requires DPUC to approve a comprehensive conservation plan based on proposals from electric and gas companies and the administrator of the fuel oil conservation program, following a review by ECMB.

It requires that DPUC appoint new members to ECMB and expands ECMB's membership to include a representative of the Renewable Energy Investments Board, which administers the Clean Energy Fund.

The bill expands ECMB's role to include:

1. facilitating the coordination and integration of conservation and renewable resources programs to simplify consumer access to integrated services of all available resources, minimize each program's administrative expenses, and reduce environmental impacts and security risks of energy in the state;
2. evaluating programs contained in the comprehensive conservation plan that covers electric and gas company and deliverable fuels;
3. holding an annual public hearing on conservation plans and their implementation, and considering comments at the hearing in its deliberations on future conservation plans;
4. advising the Connecticut Municipal Electric Cooperative (CMEEC) on municipal electric utility conservation programs;
5. collaborating with the Department of Social Services (DSS) regarding coordination of energy and weatherization assistance programs; and
6. consolidating reports to the legislature on conservation and renewable resources programs.

Under current law, gas and heating oil conservation programs are funded by growth in revenues from taxes on these fuels. Electric company conservation programs are funded by a surcharge on electric rates. The bill retains these funding streams but (1) allows the oil revenue to be used to conserve other deliverable fuels, such as propane and (2) eliminates a cap on funding for the deliverable fuels program.

Under current law, there are separate requirements for annual reports to the legislature on the electric and gas company and heating oil conservation programs and the programs supported by the Clean Energy Fund. The bill eliminates these requirements and instead requires ECMB to submit a consolidated annual report.

The bill imposes various responsibilities on DSS regarding energy assistance and weatherization program planning and reporting and makes several related changes.

\*House Amendment "A" adds the provisions integrating energy efficiency and renewable energy programs. It also (1) bars the Connecticut Electric Authority from selling power directly to consumers and instead requires that it sell power to the electric companies and CMEEC; (2) requires State Bond Commission approval for the authority to issue bonds and delays its ability to issue bonds by one year; (3) requires that the contracts between the authority and generators conform to statutory rate-making principles; (4) requires DPUC to consult with the electric companies in deciding whether to approve these contracts; (5) eliminates the authority's ability to serve as "builder of last resort"; (6) eliminates the authority's ability to appear before federal agencies and the attorney general's authority to retain outside counsel for the authority for this purpose; (7) eliminates several transfers of responsibilities from the Office of Policy and Management (OPM) and DPUC to the authority; and (8) makes minor changes.

EFFECTIVE DATE: October 1, 2009, except the bonding provisions are effective October 1, 2010 and the provisions regarding the ECMB,

integration of conservation and renewable energy programs, and DSS responsibilities are effective July 1, 2009.

### **PURPOSES OF THE AUTHORITY**

Under the bill, the authority must:

1. increase the state's energy independence by promoting conservation and efficiency and the use of diverse indigenous and regional electric resources;
2. encourage the use of new electric technologies, particularly those that support economic development in Connecticut and promote environmental sustainability;
3. minimize costs of electric services to state consumers while maintaining reliable service;
4. discourage undue price volatility of electric service; and
5. encourage competition, when in the interests of state consumers.

The authority must act in accordance with the state's integrated resources plan, which requires electric companies to determine their customer's needs and meet them through a mixture of energy efficiency and power purchases.

### **BOARD OF DIRECTORS**

Under the bill, the board consists of a chairperson the governor appoints and six members legislative leaders appoint, as described in Table 1. The legislature must approve the chairperson in the same way it approves a commissioner or other department head. The chairperson has a four-year term and the other members serve two-year terms coterminous with the appointing authority's term. The bill adds the chairperson to the Connecticut Energy Advisory board, which has a number of energy planning responsibilities.

**Table 1: Authority Board of Directors**

<i>Appointing Authority</i>	<i>With experience in</i>
Senate President Pro Tempore	Electricity regulation
House Speaker	Electricity generation
Senate majority leader	Electricity consumer issues
House majority leader	Electricity consumer issues
Senate minority leader	Electricity conservation issues
House minority leader	Electricity conservation issues

## **AUTHORITY POWERS**

The bill allows the authority to contract with electricity generators to buy power for standard service. It also allows the authority to own and operate power plants.

### ***Contracting with Generators***

The bill allows the authority to negotiate contracts with electricity generators for power for standard service. This is the service electric companies must provide to small and medium customers who do not choose a competitive supplier. The negotiation may be tied to financing or providing other assistance to a generator to build or rebuild a generation facility. The contracts must be in ratepayers' best interests and reduce electricity costs for the affected consumers. DPUC must review the contracts in consultation with the electric companies. It must approve a contract if it determines that it meets these conditions and is consistent with statutory ratemaking principles. Upon DPUC's approval, an electric company must enter into the

contract with the generator.

### **Staffing**

The bill allows the authority to:

1. under the direction of its executive director, hire personnel, and adopt any policies for internal organization as necessary;
2. contract with the Connecticut Municipal Electric Energy Cooperative for administrative services.

The bill requires the authority's chairperson, with the consent of two or more of its other six members, to appoint an executive director to be the authority's chief administrative officer. The chairperson supervises the executive director, who serves a four-year term and annually receives a salary equal to the management pay plan salary group 72 the Commissioner of Administrative Services establishes.

Subject to the board's ultimate hiring authority, the executive director must require all staff to have expertise in public utility engineering and accounting, finance, economics, computers, and rate design. Subject to civil service law and within available funds in any fiscal year, the executive director may appoint a secretary and may employ the professional and clerical staff, experts, consultants, and agents as the authority may require.

The executive director must (1) conduct comprehensive planning with respect to the authority's functions; (2) coordinate the authority's activities; and (3) have its administrative organization examined to promote economy and efficiency

The executive director may (1) enter into contracts, in accordance with the authority's procedures, as may be needed to perform his or her duties and (2) subject to state revenue accounting law and unless otherwise provided by law, receive money, revenue, or services from the federal government, corporations, associations, and individuals.

**CONFLICTS OF INTEREST**

The bill prohibits members of the authority, for one year following terminating service, from accepting employment: (1) by a utility or by any lobbyist regarding governmental regulation of utilities; or (2) by an electric supplier or by any lobbyist regarding governmental regulation of electric suppliers. No member who is an attorney may appear or participate in any matter, or accept any compensation regarding a matter, before the authority, for a period of one year after terminating his or her service as a member.

The bill bars officers, employees, attorneys or agents of any utility, certified telecommunications provider, or electric supplier from being a member or employee of the authority.

The bill prohibits the authority's members and employees from:

1. while serving, engaging in or having an interest, financial or otherwise, direct or indirect, in any business, employment, transaction, or professional activity or incur any obligation of any nature, that substantially conflicts with the proper discharge of their duties or employment in the public interest (although no such conflict exists solely because an authority member or employee, or any business in which he or she has an interest, receives service from Connecticut utilities under normal rates and conditions of service);
2. accept other employment that will impair their independence of judgment or require or induce them to disclose confidential information acquired in the course of their official duties;
3. willfully and knowingly disclosing, for financial gain, confidential information acquired due to their official duties or employment or use any such information for financial gain; or
4. accept any employment, fee or other thing of value for appearing, agreeing to appear, or taking any other action on behalf of another person before the authority, the Siting

Council, OPM, or the Commissioner of Environmental Protection.

The provisions of the fourth provision do not bar an authority member or employee from being remunerated to appear before the DPUC.

### **ETHICS**

The bill subjects the authority to the state ethics code and the ethics code for lobbyists. This means these people (1) must, among other things, comply with the code and (2) may not take certain actions while employed by these entities and after they leave their employ. The Office of State Ethics has jurisdiction over them for the purpose of enforcing the code. The bill also subjects them to (1) prohibitions against disclosing confidential information to bidders on state contracts, (2) gift, affidavit, and certification requirements under the law covering large state contracts, and (3) the law on pension revocations.

Among other things, this means that authority members and employees may not:

1. have any financial interest in, or engage in, any business, employment, transaction, or professional activity that substantially conflicts with the proper discharge of their duties or employment in the public interest and their responsibilities;
2. accept other employment which will either impair their independent judgment as to their official duties or employment or require or induce them to disclose confidential information acquired in the course of and by reason of their official duties;
3. willfully and knowingly disclose, for financial gain, confidential information acquired in the course of their official duties or employment: and
4. use their public office or position or any confidential

information received from the office or position to obtain financial gain for that person, a member of their family, or an associated business.

## **BONDING**

### ***Revenue Bonds***

The bill allows the authority, with the State Bond Commission's approval, to issue revenue bonds with terms of up to 40 years and use their proceeds for its purposes. The bill does not address whether the State Bond Commission also must approve these bonds. The authority can issue bonds that are subject to federal taxes. The bonds are not state or municipal obligations and must state so on their face. The bonds are subject to standard statutory provisions as to how they can be issued and repaid, bondholder protections, and who can invest in them.

### ***Special Capital Reserve Fund***

Under the bill the authority can issue bonds that are backed by one or more SCRFs. These bonds are general obligations of the authority payable out of its resources, subject only to agreements with the holders of particular bonds pledging particular resources. The bill caps the maximum amount of bonds that can be backed by SCRFs at \$450 million.

The money in the SCRF generally can only be used for paying the principal of bonds it secures as they become due, buying the authority's bonds, and paying interest on the bonds or any redemption premium that must be paid when the bonds are redeemed before maturity. Although bonds secured by SCRFs are not backed by the state's full faith and credit, the state undertakes a contingent liability for the bonds by authorizing the authority to establish the funds.

The authority can specify a "required minimum capital reserve" when issuing these bonds. By December 1<sup>st</sup>, annually, there is deemed to be appropriated from the General Fund enough money, if needed, as certified by the authority chairperson to the OPM secretary and

state treasurer, to restore each SCRF to its minimum capital reserve of such fund. This amount must be allotted and paid to the authority. Subject to any agreements with bondholders, the authority must repay any amount paid to it under this provision from its resources when the money is not required for any other of the authority's corporate purposes. In any event, the amount must be repaid within one year after all of the authority's bonds are discharged.

## **EXEMPTION OF THE AUTHORITY FROM TAXES**

### ***General Provisions***

The bill exempts the authority from state and local taxes. It specifically exempts the authority's sale of tangible personal property or services from the sales tax. It also exempts from state and local taxes the bonds and notes issued under the bill, their transfer, and the income from selling them. The bill exempts the authority and its projects, properties, money or bonds and notes from being subject to lien of any kind for the enforcement, collection, or payment of these taxes.

### ***Lease PILOTs***

However, any person leasing a project from the authority must pay to the municipality, political subdivision, or special district where the project is located a payment in lieu of taxes (PILOT) equal to the taxes on real and personal property, including water and sewer assessments, that the lessee would have had to pay had it owned the property. Any lessee which has made this PILOT is not required to pay the taxes that were the subject of the PILOT.

The authority may agree to cooperate with the lessee in connection with any administrative or judicial proceedings to determine the validity or amount of such payments. The lessee must pay all of the authority's costs and expenses incurred at the lessee's request.

## **TRANSFERS OF RESPONSIBILITY**

### ***Procuring Power for Standard Service***

The bill transfers, from DPUC to the authority, the responsibility for

overseeing the process by which electric companies procure power for their standard service customers. Under current law, electric companies must procure power for their standard service under a plan that is subject to DPUC approval. The plan must contain various provisions to reduce price volatility.

The bill also makes several changes in this procurement process. Under current law, each company submitting a bid to provide electricity for standard service must submit it to the electric company and a third-party contractor selected by DPUC. Under the bill, the authority selects the consultant. The company and the consultant must review the bids and submit an overview of them, together with their joint recommendation, to the authority rather than DPUC. The bill additionally requires that they conduct a cost-based analysis of the bids. The bill requires the authority, in analyzing the bids, to determine if they are consistent with the state's integrated resource plan. It requires the authority to provide all of the bids it receives and the analyses of them to the Office of Consumer Counsel and the attorney general. These officials may not make the bids available to the public until the authority does so, three months after bidding is complete, unless the attorney general needs to share the information for law enforcement purposes. The bill allows the authority to reject bids that are not in the best interest of electric company customers. It requires electric companies to enter into contracts with approved bidders in accordance with contract terms established by the authority. It requires the authority, when it releases information about losing bidders, to do so in a way that conceals their identities.

Under the bill, biennially beginning October 1, 2010, the authority must conduct a contested case to review the efficacy of this contract procurement process for this service.

### ***Other Transfers***

The bill transfers a wide range of other responsibilities and duties from DPUC to the authority, as described in Table 2. It also requires that any state agency purchases of, or contracts for, generation services

be done in cooperation with the authority, rather than with the Office of Policy and Management (OPM).

**TABLE 2: DPUC RESPONSIBILITIES AND POWERS TRANSFERRED TO THE AUTHORITY**

<i>Bill Section (File 483)</i>	<i>Responsibility or Power</i>
5	Overseeing electric company integrated resources procurement plans (by which they procure power and savings from conservation measures), developing an RFP if the plan calls for new generation, approving electric company proposals in response to the RFP, among other things.
6	May order electric companies to submit proposals to build power plants if responses to the RFP are insufficient to meet the goals set in the plan. Must study the costs and benefits of having the state serve as builder of last resort for any shortfall in generating capacity following issuance of the RFP.
15	Retaining a consultant to oversee the procurement of contracts for standard service power provided to small-and medium-size customers who do not choose a competitive supplier.
28	Reporting to the Energy and Technology Committee on whether the deadline for electric companies to propose new power plants should be extended.
37	Serving as agent for the state, at the direction of the governor, to procure power and related products and resell them to electric utilities in the state

## CONSULTATIONS

The bill requires DPUC to consult with the authority in setting the systems benefits charge, a charge on electric company bills that pays

for various public policies.

The law sets emission limits for certain power plants, but allows the Department of Environmental Protection (DEP) to waive these limits if complying with them would threaten the reliability of the electric system. The bill requires DEP to consult with the authority, rather than with DPUC, in making this decision.

The bill requires the Department of Administrative Services to consult with the authority, rather than with OPM, when buying or contracting for electric power through competitive bidding or competitive negotiations.

By law, DPUC must consult with DEP, OPM, and the Siting Council at least annually to coordinate their actions pertaining to electric and gas companies. The bill requires that DPUC include the authority in these consultations.

By law, OPM must consult with DPUC in setting energy efficiency standards for a wide range of appliances and equipment. The bill additionally requires OPM to consult with the authority.

Under current law, the public works commissioner must consult with the OPM secretary and any advisory committee the secretary establishes in adopting regulations on lighting standards for public buildings. The bill instead requires the commissioner to consult with the authority and any advisory board it establishes.

## **INTEGRATION OF ENERGY EFFICIENCY PROGRAMS**

### **§ 501 — *Energy Conservation Management Board (ECMB)***

The bill requires DPUC to re-appoint members to the ECMB, which is currently responsible for reviewing electric and gas company conservation programs. DPUC can reappoint current members, who serve until the end of their current terms. DPUC must additionally appoint a representative of the Renewable Energy Investment Board, which administers the Clean Energy Fund, to the ECMB.

Under current law, there are separate provisions for electric company, municipal electric utility, gas company, and heating oil conservation programs and for programs to promote renewable energy. In addition, DSS administers separate weatherization and energy assistance programs for low-income consumers. The bill expands ECMB's role to include:

1. facilitating the coordination and integration of conservation and renewable resources programs to simplify consumer access to integrated services of all available resources, minimize administrative expenses of each program, and reduce environmental impacts and security risks of energy in the state;
2. evaluating programs contained in the comprehensive conservation plan established by the bill;
3. advising the CMEEC on municipal electric utility conservation programs;
4. collaborating with DSS regarding coordination of energy and weatherization assistance programs; and
5. consolidating reports to the legislature on conservation and renewable resources programs.

Under current law, the Fuel Oil Conservation Board is responsible for overseeing heating oil conservation programs and hiring an administrator for these programs. The bill eliminates this board and transfers its responsibilities to ECMB. It expands the heating oil program to cover other types of deliverable fuels such as propane. It requires ECMB to select an administrator by January 1, 2010. It must do so to the extent funding is available following a request for proposals. As under current law, the contract with the administrator can run for up to three years and the administrator's costs are paid from the fuel oil conservation account.

The law establishes a joint committee of ECMB and the Renewable

Energy Investment Board. The bill specifies that this committee must act to reduce the longer cost, environmental impacts, and security risks of energy in the state.

**§ 502 — *Funding of Conservation Programs***

By law, gas conservation programs are funded by the amount of gas gross earnings tax revenue that is above the revenue estimate in the appropriations bill. This amount is capped at \$10 million per year. The bill specifies that this revenue must go into a natural gas subaccount within the existing Energy Conservation Fund. It requires this money to be used for (1) gas programs contained in the comprehensive conservation plan (described below), (2) gas allocations of joint programs and (3) administrative expenses as provided in the plan. The bill allows this fund to receive any federal or other funds as may become available for conservation and load management and renewable resources.

Under current law, heating oil conservation programs are funded by the amount of the petroleum products gross earnings that exceeds the revenue collected from this tax in FY 06. Current law caps this amount at \$5 million per year. The bill eliminates the cap after FY 09. It requires this money to be used for (1) deliverable fuel programs contained in the comprehensive conservation plan, (2) deliverable fuel allocations of joint programs, and (3) administrative expenses as provided in the plan. The bill requires ECMB to notify the comptroller of an approved amount to be drawn from the account for the bill's purposes. Within two business days following the board's notification, the comptroller must draw an order on the treasurer for payment of the requested amount from the fund.

By law, electric company conservation programs are funded by a surcharge on electric rates, which goes into the Conservation Fund. The bill allows the fund to receive (1) any amount required by law to be deposited in it and (2) any federal or other funds as may become available for conservation and load management and renewable resources.

By law, municipal electric utility customers pay a surcharge to pay for conservation programs that goes into a fund administered by CMEEC. The bill additionally allows this fund to receive other revenues, including federal funds.

### ***Program Planning***

Under current law, the fuel oil administrator submits a conservation plan to the Fuel Oil Conservation Board, which reviews and approves it. The bill instead requires the administrator to submit a deliverable fuels conservation plan to ECMB for review and DPUC for approval as part of the comprehensive conservation plan.

By law, each electric and gas company submits a separate conservation plan to DPUC for its approval. The bill additionally requires gas companies to submit their plans to ECMB for its review before they go to DPUC for approval, as is currently the case for electric company plans.

The bill requires that all of the plans (electric, gas, and deliverable fuels) include provisions to integrate conservation and renewable energy programs. It requires the companies and the administrator to submit their plans to ECMB for review and comment at least 60 days before submitting them to DPUC. ECMB, in reviewing these plans, must examine opportunities to simplify consumer access to the programs, minimize administrative expenses, and reduce environmental impacts and energy security risks for the state. It requires ECMB to consult with the Connecticut Energy Authority to ensure that the conservation programs are consistent with the integrated resources plans that the electric companies must develop.

By law, the board must, as part of its review of electric and gas plans, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource. The bill extends this requirement to the deliverable fuels plan. It specifies that the board must do this to ensure available

conservation and renewable resources are integrated, to the extent practicable, to (1) simplify consumer access to integrated services of all available resources, (2) minimize expenses in the administration of each program, and (3) reduce environmental impacts and security risks of energy in the state.

Under current law, each program in electric and gas company plans must be reviewed by the company and be accepted, modified, or rejected by ECMB before the plan is submitted to the DPUC for approval. The bill requires ECMB to review and comment on the plans, and extends the latter provision to the deliverable fuels plan.

Upon receiving the individual plans, DPUC must hold a public hearing as part of an uncontested proceeding and approve, modify, or reject the plans and consolidate the approved or modified plans into a comprehensive conservation plan. The comprehensive plan must contain specific goals for reducing energy use that are consistent with those in the integrated resources plan. It must describe each program that is proposed to meet these goals; the amount of funds in the Conservation Fund and; if applicable, other sources to be used for each program and an estimate of the systemic savings that will be achieved if such goals are met.

The comprehensive plan must meet a number of conditions that apply under current law to the electric and gas company plans. To be included in the comprehensive plan, conservation programs must meet cost-effectiveness tests. The plan must give preference to electric efficiency and load management projects that maximize the reduction of federally mandated charges associated with congestion on the transmission system.

The approved comprehensive plan must cover the cost of the administrator of the deliverable fuels programs, the costs of developing and implementing the conservation programs, ECMB's administrative costs, and the cost of consultants it is allowed to retain. The plan must cover disbursements from the Conservation Fund to

develop and carry out the comprehensive plan.

Under current law, ECMB's administrative and consultant costs cannot exceed more than 5% of money the revenues that fund the electric and gas conservation programs. The bill instead caps these costs at 5% of the cost of the comprehensive plan, including the deliverable fuels component.

### ***Reporting Requirements***

Under current law, ECMB must submit an annual report to the Energy and Technology Committee that evaluates the performance of the Conservation Fund's programs and activities. The Fuel Oil Conservation Board must submit an annual report to the Energy and Technology and Environment committees on expenditures and fund balances of the Heating Oil Conservation Account. That report must also evaluate the cost-effectiveness of programs conducted in the preceding year, including any increased cost-effectiveness due to offering programs that save more than one fuel resource.

The bill eliminates these requirements and instead requires ECMB to provide a consolidated report documenting conservation and renewable resource program operation and activities developed under these programs and the programs administered by gas companies, CMEEC, and the Renewable Energy Investment Board. The consolidated report must document:

1. expenditures and funding;
2. program integration, including the extent to and manner in which ECMB collaborated and cooperated with CMEEC, the DSS programs, and the joint or collaborative activities with the Clean Energy Fund;
3. evaluation of the cost-effectiveness of conservation programs and activities conducted in the preceding year, including any increased cost-effectiveness, including reduced administrative expenses, achieved by offering programs that save more than

one fuel resource and integrating programs;

4. the extent to which plan goals and systemic savings were achieved for reducing energy use in the state; and
5. in detail, the activities of the Clean Energy. Each of the affected entities must provide documentation and information for the consolidated report. Any costs for the consolidated annual reports must be allocated equitably among the entities responsible for the reports.

The consolidated report must be sent to the Energy and Technology, Environment, and Commerce committees.

### ***Renewable Energy***

By law, the Clean Energy Fund is supported by a surcharge on electric company bills. The bill allows the fund to receive other revenues, in addition to this surcharge and federal funds.

By law, the 15-member Renewable Energy Investments Board (REIB) administers the Clean Energy Fund. The bill adds an ECMB member to REIB. It requires REIB to (1) ensure that available conservation and renewable resources programs are integrated, (2) simplify consumer access to integrated programs, (3) minimize administrative expenses, (4) reduce environmental risks, and (5) reduce energy security risks in the state.

By law, REIB must develop a comprehensive renewable energy plan. The bill requires that this plan go to the ECMB and the Environment Committee in addition to the Energy and Technology and Commerce committees. It requires that REIB annually submit documentation to ECMB for its consolidated report to the legislature rather than submitting a separate report.

The bill eliminates requirements that CMEEC:

1. develop standards for the promotion of renewable resources

that apply to each municipal electric utility and annually submit these standards to the Renewable Energy Investment Committee by January 1; and

2. report annually to this committee by April 1 on municipal utility activities promoting renewable energy.

### ***Department of Social Services Responsibilities***

The law requires DSS to develop an annual energy assistance plan. The bill requires the plan to include the department's system for (1) identifying households to whom it provides cash or other assistance, who also may be eligible for conservation assistance; (2) obtaining their approval to send information about them to facilitate their participation in the conservation programs; and (3) transmitting this information. DSS must consult with ECMB in developing this system, which must be part of its intake and eligibility redetermination procedures. The bill expands the department's report to the legislature to cover the number of households from whom it obtained permission and sent this information.

Under the bill, DSS-funded or -administered weatherization assistance must be integrated, to the extent practicable, with conservation programs to simplify consumer access to integrated services of all available resources and minimize each program's administrative expenses. The DSS commissioner must submit any plan for spending money for weatherization assistance plan to ECMB for advice regarding the plan and integration of such weatherization assistance with conservation programs. DSS must do this at least one month before adopting any such plan or submitting a submitting a plan to the legislature or its committees or any federal agency. The commissioner must provide a copy of any final weatherization assistance plan before its implementation to ECMB and the Energy and Technology, Environment, and Human Services committees. DSS must simultaneously report ECMB's comments and the extent to which weatherization assistance is integrated with other available conservation programs.

**Other Provisions**

The bill sets a goal to reduce statewide energy consumption by 10% per capita by 2015 compared to 2006 through energy efficiency and conservation measures.

The bill requires OPM to establish a program to reduce energy use in state buildings by at least 10% by January 1, 2010.

By law, OPM must include certain information about state agency conservation plans and programs in the biennial budget. The bill requires OPM to submit this information to the Energy and Technology, Environment, and Commerce committees.

The bill expands the entities that receive the biennial forecast of gas company loads and resources to include ECMB and the Environment and Commerce committees. The forecast already goes local officials, legislative leaders, and the Energy and Technology Committee, among others.

By law, DPUC, ECMB, and the electric companies must place information regarding the Energy Star conservation program on their websites. The bill extends these requirements to apply to the Connecticut Energy Authority, the Renewable Energy Resources Board, gas companies, and municipal electric utilities. It also requires these web sites to have links to (1) information on conservation and renewable resources programs describes in the comprehensive conservation plan and (2) web sites for other conservation assistance that may be available to Connecticut residents, including rebate programs and tax exemptions or reductions.

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 15 Nay 6 (03/19/2009)

Government Administration and Elections Committee

Joint Favorable

Yea 9 Nay 3 (04/20/2009)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 26 Nay 24 (04/27/2009)