



General Assembly

January Session, 2009

Raised Bill No. 6507

LCO No. 3753

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Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING REDUCING AND STABILIZING ELECTRIC RATES FOR RESIDENTIAL AND BUSINESS CUSTOMERS.

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

1 Section 1. Section 16-244b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2009*):

3 (a) All customers of electric distribution companies, as defined in
4 section 16-1, shall have the opportunity to purchase electric generation
5 services from their choice of electric suppliers, as defined in said
6 section 16-1, in a competitive generation market in accordance with the
7 schedule provided in this section. On and after January 1, 2000, up to
8 thirty-five per cent of the peak load of each rate class of an electric
9 company or electric distribution company, as the case may be, may
10 choose an electric supplier to provide their electric generation services,
11 provided such customers shall be located in distressed municipalities,
12 as defined in section 32-9p. In the event that the number of customers
13 exceeds thirty-five per cent of such load, preference shall be given to
14 customers located in distressed municipalities with a population
15 greater than one hundred thousand persons. Participation shall be
16 determined on a first-come, first-served basis. As of July 1, 2000, all

17 customers shall have the opportunity to choose an electric supplier. On
18 and after January 1, 2000, electric generation services shall be provided
19 in accordance with section 16-244c to any customer who has not
20 chosen an electric supplier or has declined, failed or been unable to
21 enter into or maintain a contract for electric generation services with an
22 electric supplier. The Department of Public Utility Control may adopt
23 regulations in accordance with chapter 54 to implement the phase-in
24 schedule provided in this subsection.

25 (b) Notwithstanding subsection (a) of this section, on and after
26 January 1, 2010, customers with a maximum demand of less than five
27 hundred kilowatts shall receive and pay for electric generation
28 services, designated as basic service, from the electric distribution
29 company in which service territory such customer takes electric
30 service; provided nothing in this section shall be interpreted as
31 abrogating a customer's contract with an electric supplier that was
32 executed and effective on or before January 1, 2010. No customers who
33 have a maximum demand of less than five hundred kilowatts may
34 enter into supplier contracts on or after January 1, 2010, and no such
35 supplier contract shall be renewed except as expressly provided for in
36 a contract entered into before January 1, 2010.

37 Sec. 2. Section 16-244c of the general statutes is repealed and the
38 following is substituted in lieu thereof (*Effective July 1, 2009*):

39 (a) (1) On and after January 1, 2000, each electric distribution
40 company shall make available to all customers in its service area, the
41 provision of electric generation and distribution services through a
42 standard offer. Under the standard offer, a customer shall receive
43 electric services at a rate established by the Department of Public
44 Utility Control pursuant to subdivision (2) of this subsection. Each
45 electric distribution company shall provide electric generation services
46 in accordance with such option to any customer who affirmatively
47 chooses to receive electric generation services pursuant to the standard
48 offer or does not or is unable to arrange for or maintain electric

49 generation services with an electric supplier. The standard offer shall
50 automatically terminate on January 1, 2004. While providing electric
51 generation services under the standard offer, an electric distribution
52 company may provide electric generation services through any of its
53 generation entities or affiliates, provided such entities or affiliates are
54 licensed pursuant to section 16-245.

55 (2) Not later than October 1, 1999, the Department of Public Utility
56 Control shall establish the standard offer for each electric distribution
57 company, effective January 1, 2000, which shall allocate the costs of
58 such company among electric transmission and distribution services,
59 electric generation services, the competitive transition assessment and
60 the systems benefits charge. The department shall hold a hearing that
61 shall be conducted as a contested case in accordance with chapter 54 to
62 establish the standard offer. The standard offer shall provide that the
63 total rate charged under the standard offer, including electric
64 transmission and distribution services, the conservation and load
65 management program charge described in section 16-245m, the
66 renewable energy investment charge described in section 16-245n,
67 electric generation services, the competitive transition assessment and
68 the systems benefits charge shall be at least ten per cent less than the
69 base rates, as defined in section 16-244a, in effect on December 31,
70 1996. The standard offer shall be adjusted to the extent of any increase
71 or decrease in state taxes attributable to sections 12-264 and 12-265 and
72 any other increase or decrease in state or federal taxes resulting from a
73 change in state or federal law and shall continue to be adjusted during
74 such period pursuant to section 16-19b. Notwithstanding the
75 provisions of section 16-19b, the provisions of said section 16-19b shall
76 apply to electric distribution companies. The standard offer may be
77 adjusted, by an increase or decrease, to the extent approved by the
78 department, in the event that (A) the revenue requirements of the
79 company are affected as the result of changes in (i) legislative
80 enactments other than public act 98-28*, (ii) administrative
81 requirements, or (iii) accounting standards occurring after July 1, 1998,
82 provided such accounting standards are adopted by entities

83 independent of the company that have authority to issue such
84 standards, or (B) an electric distribution company incurs extraordinary
85 and unanticipated expenses required for the provision of safe and
86 reliable electric service to the extent necessary to provide such service.
87 Savings attributable to a reduction in taxes shall not be shifted between
88 customer classes.

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

96 (b) (1) (A) On and after January 1, 2004, each electric distribution
97 company shall make available to all customers in its service area, the
98 provision of electric generation and distribution services through a
99 transitional standard offer. Under the transitional standard offer, a
100 customer shall receive electric services at a rate established by the
101 Department of Public Utility Control pursuant to subdivision (2) of
102 this subsection. Each electric distribution company shall provide
103 electric generation services in accordance with such option to any
104 customer who affirmatively chooses to receive electric generation
105 services pursuant to the transitional standard offer or does not or is
106 unable to arrange for or maintain electric generation services with an
107 electric supplier. The transitional standard offer shall terminate on
108 December 31, 2006. While providing electric generation services under
109 the transitional standard offer, an electric distribution company may
110 provide electric generation services through any of its generation
111 entities or affiliates, provided such entities or affiliates are licensed
112 pursuant to section 16-245.

113 (B) The department shall conduct a proceeding to determine
114 whether a practical, effective, and cost-effective process exists under

115 which an electric customer, when initiating electric service, may
116 receive information regarding selecting electric generating services
117 from a qualified entity. The department shall complete such
118 proceeding on or before December 1, 2005, and shall implement the
119 resulting decision on or before March 1, 2006, or on such later date that
120 the department considers appropriate. An electric distribution
121 company's costs of participating in the proceeding and implementing
122 the results of the department's decision shall be recoverable by the
123 company as generation services costs through an adjustment
124 mechanism as approved by the department.

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

128 (B) The department shall hold a hearing that shall be conducted as a
129 contested case in accordance with chapter 54 to establish the
130 transitional standard offer. The transitional standard offer shall
131 provide that the total rate charged under the transitional standard
132 offer, including electric transmission and distribution services, the
133 conservation and load management program charge described in
134 section 16-245m, the renewable energy investment charge described in
135 section 16-245n, electric generation services, the competitive transition
136 assessment and the systems benefits charge, and excluding federally
137 mandated congestion costs, shall not exceed the base rates, as defined
138 in section 16-244a, in effect on December 31, 1996, excluding any rate
139 reduction ordered by the department on September 26, 2002.

140 (C) (i) Each electric distribution company shall, on or before January
141 1, 2004, file with the department an application for an amendment of
142 rates pursuant to section 16-19, which application shall include a four-
143 year plan for the provision of electric transmission and distribution
144 services. The department shall conduct a contested case proceeding
145 pursuant to sections 16-19 and 16-19e to approve, reject or modify the
146 application and plan. Upon the approval of such plan, as filed or as

147 modified by the department, the department shall order that such plan
148 shall establish the electric transmission and distribution services
149 component of the transitional standard offer.

150 (ii) Notwithstanding the provisions of this subparagraph, an electric
151 distribution company that, on or after September 1, 2002, completed a
152 proceeding pursuant to sections 16-19 and 16-19e, shall not be required
153 to file an application for an amendment of rates as required by this
154 subparagraph. The department shall establish the electric transmission
155 and distribution services component of the transitional standard offer
156 for any such company equal to the electric transmission and
157 distribution services component of the standard offer established
158 pursuant to subsection (a) of this section in effect on July 1, 2003, for
159 such company. If such electric distribution company applies to the
160 department, pursuant to section 16-19, for an amendment of its rates
161 on or before December 31, 2006, the application of the electric
162 distribution company shall include a four-year plan.

163 (D) The transitional standard offer (i) shall be adjusted to the extent
164 of any increase or decrease in state taxes attributable to sections 12-264
165 and 12-265 and any other increase or decrease in state or federal taxes
166 resulting from a change in state or federal law, (ii) shall be adjusted to
167 provide for the cost of contracts under subdivision (2) of subsection (j)
168 of this section and the administrative costs for the procurement of such
169 contracts, and (iii) shall continue to be adjusted during such period
170 pursuant to section 16-19b. Savings attributable to a reduction in taxes
171 shall not be shifted between customer classes. Notwithstanding the
172 provisions of section 16-19b, the provisions of section 16-19b shall
173 apply to electric distribution companies.

174 (E) The transitional standard offer may be adjusted, by an increase
175 or decrease, to the extent approved by the department, in the event
176 that (i) the revenue requirements of the company are affected as the
177 result of changes in (I) legislative enactments other than public act 03-
178 135* or public act 98-28*, (II) administrative requirements, or (III)

179 accounting standards adopted after July 1, 2003, provided such
180 accounting standards are adopted by entities that are independent of
181 the company and have authority to issue such standards, or (ii) an
182 electric distribution company incurs extraordinary and unanticipated
183 expenses required for the provision of safe and reliable electric service
184 to the extent necessary to provide such service.

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

192 (4) (A) In addition to its costs received pursuant to subsection (h) of
193 this section, as compensation for providing transitional standard offer
194 service, each electric distribution company shall receive an amount
195 equal to five-tenths of one mill per kilowatt hour. Revenues from such
196 compensation shall not be included in calculating the electric
197 distribution company's earnings for purposes of, or in determining
198 whether its rates are just and reasonable under, sections 16-19, 16-19a
199 and 16-19e, including an earnings sharing mechanism. In addition,
200 each electric distribution company may earn compensation for
201 mitigating the prices of the contracts for the provision of electric
202 generation services, as provided in subdivision (2) of this subsection.

203 (B) The department shall conduct a contested case proceeding
204 pursuant to the provisions of chapter 54 to establish an incentive plan
205 for the procurement of long-term contracts for transitional standard
206 offer service by an electric distribution company. The incentive plan
207 shall be based upon a comparison of the actual average firm full
208 requirements service contract price for electricity obtained by the
209 electric distribution company compared to the regional average firm
210 full requirements service contract price for electricity, adjusted for such

211 variables as the department deems appropriate, including, but not
212 limited to, differences in locational marginal pricing. If the actual
213 average firm full requirements service contract price obtained by the
214 electric distribution company is less than the actual regional average
215 firm full requirements service contract price for the previous year, the
216 department shall split five-tenths of one mill per kilowatt hour equally
217 between ratepayers and the company. Revenues from such incentive
218 plan shall not be included in calculating the electric distribution
219 company's earnings for purposes of, or in determining whether its
220 rates are just and reasonable under sections 16-19, 16-19a and 16-19e.
221 The department may, as it deems necessary, retain a third party entity
222 with expertise in energy procurement to assist with the development
223 of such incentive plan.

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

230 (2) Not later than October 1, 2006, and periodically as required by
231 subdivision (3) of this subsection, but not more often than every
232 calendar quarter, the Department of Public Utility Control shall
233 establish the standard service price for such customers pursuant to
234 subdivision (3) of this subsection. Each electric distribution company
235 shall recover the actual net costs of procuring and providing electric
236 generation services pursuant to this subsection, provided such
237 company mitigates the costs it incurs for the procurement of electric
238 generation services for customers who are no longer receiving service
239 pursuant to this subsection.

240 (3) An electric distribution company providing electric generation
241 services pursuant to this subsection shall mitigate the variation of the
242 price of the service offered to its customers by procuring electric

243 generation services contracts in the manner prescribed in a plan
244 approved by the department. Such plan shall require the procurement
245 of a portfolio of service contracts sufficient to meet the projected load
246 of the electric distribution company. Such plan shall require that the
247 portfolio of service contracts be procured in an overlapping pattern of
248 fixed periods at such times and in such manner and duration as the
249 department determines to be most likely to produce just, reasonable
250 and reasonably stable retail rates while reflecting underlying
251 wholesale market prices over time. The portfolio of contracts shall be
252 assembled in such manner as to invite competition; guard against
253 favoritism, improvidence, extravagance, fraud and corruption; and
254 secure a reliable electricity supply while avoiding unusual, anomalous
255 or excessive pricing. The portfolio of contracts procured under such
256 plan shall be for terms of not less than six months, provided contracts
257 for shorter periods may be procured under such conditions as the
258 department shall prescribe to (A) ensure the lowest rates possible for
259 end-use customers; (B) ensure reliable service under extraordinary
260 circumstances; and (C) ensure the prudent management of the contract
261 portfolio. An electric distribution company may receive a bid for an
262 electric generation services contract from any of its generation entities
263 or affiliates, provided such generation entity or affiliate submits its bid
264 the business day preceding the first day on which an unaffiliated
265 electric supplier may submit its bid and further provided the electric
266 distribution company and the generation entity or affiliate are in
267 compliance with the code of conduct established in section 16-244h.

268 (4) The department, in consultation with the Office of Consumer
269 Counsel, shall retain the services of a third-party entity with expertise
270 in the area of energy procurement to oversee the initial development of
271 the request for proposals and the procurement of contracts by an
272 electric distribution company for the provision of electric generation
273 services offered pursuant to this subsection. Costs associated with the
274 retention of such third-party entity shall be included in the cost of
275 electric generation services that is included in such price.

276 (5) Each bidder for a standard service contract shall submit its bid to
277 the electric distribution company and the third-party entity who shall
278 jointly review the bids and submit an overview of all bids together
279 with a joint recommendation to the department as to the preferred
280 bidders. The department may, within ten business days of submission
281 of the overview, reject the recommendation regarding preferred
282 bidders. In the event that the department rejects the preferred bids, the
283 electric distribution company and the third-party entity shall rebid the
284 service pursuant to this subdivision.

285 (d) On and after January 1, 2010, each electric distribution company
286 shall provide electric generation services through basic service to any
287 customer who has a maximum demand of less than five hundred
288 kilowatts pursuant to subsection (b) of section 16-244b, as amended by
289 this act.

290 ~~[(d)]~~ (e) (1) Notwithstanding the provisions of this section regarding
291 the electric generation services component of the transitional standard
292 offer or the procurement of electric generation services under standard
293 service, section 16-244h or 16-245o, the Department of Public Utility
294 Control may, from time to time, direct an electric distribution company
295 to offer, through an electric supplier or electric suppliers, before
296 January 1, 2007, one or more alternative transitional standard offer
297 options, ~~[or,]~~ on or after January 1, 2007, one or more alternative
298 standard service options or, on or after January 1, 2010, one or more
299 alternative basic service options. Such alternative options shall include,
300 but not be limited to, an option that consists of the provision of electric
301 generation services that exceed the renewable portfolio standards
302 established in section 16-245a and may include an option that utilizes
303 strategies or technologies that reduce the overall consumption of
304 electricity of the customer.

305 (2) (A) The department shall develop such alternative option or
306 options in a contested case conducted in accordance with the
307 provisions of chapter 54. The department shall determine the terms

308 and conditions of such alternative option or options, including, but not
309 limited to, (i) the minimum contract terms, including pricing, length
310 and termination of the contract, and (ii) the minimum percentage of
311 electricity derived from Class I or Class II renewable energy sources, if
312 applicable. The electric distribution company shall, under the
313 supervision of the department, subsequently conduct a bidding
314 process in order to solicit electric suppliers to provide such alternative
315 option or options.

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

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

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

327 ~~[(e)]~~ (f) (1) On and after January 1, 2007, an electric distribution
328 company shall serve customers that are not eligible to receive standard
329 service pursuant to subsection (c) of this section as the supplier of last
330 resort. This subsection shall not apply to customers purchasing power
331 under contracts entered into pursuant to section 16-19hh.

332 (2) An electric distribution company shall procure electricity at least
333 every calendar quarter to provide electric generation services to
334 customers pursuant to this subsection. The Department of Public
335 Utility Control shall determine a price for such customers that reflects
336 the full cost of providing the electricity on a monthly basis. Each
337 electric distribution company shall recover the actual net costs of
338 procuring and providing electric generation services pursuant to this

339 subsection, provided such company mitigates the costs it incurs for the
340 procurement of electric generation services for customers that are no
341 longer receiving service pursuant to this subsection.

342 (3) On and after January 1, 2010, an electric distribution company
343 may elect to provide alternative electricity supply offerings to
344 customers not eligible to receive standard service pursuant to
345 subsection (c) of this section. The department shall approve such
346 offerings which may include, but not be limited to: (A) Providing
347 electric generation services to such customers pursuant to one or more
348 specific power supply contracts for predetermined periods with fixed
349 prices; (B) providing electric generation services to such customers by
350 including such customers within the supply portfolio procured for
351 standard service pursuant to subsection (c) of this section and allowing
352 such portfolio to be used to provide electric generation services to such
353 customers; or (C) providing other alternatives that may result in lower
354 priced options for such customers, provided such offerings may
355 require customers who elect such offerings to continue to take such
356 service for prespecified periods. The department shall determine a
357 price for such customers that reflects the full cost of procuring and
358 providing electric generation service to such customers. Each electric
359 distribution company shall recover the actual costs of procuring and
360 providing electric generation services pursuant to this subdivision.
361 The alternative supply offered by an electric distribution company to
362 such customers pursuant to this subdivision shall be in addition to,
363 and shall not result in the elimination of, the electricity procured at
364 least every calendar quarter pursuant to subdivision (2) of this
365 subsection.

366 ~~[(f)]~~ (g) On and after January 1, 2000, and until such time the
367 regional independent system operator implements procedures for the
368 provision of back-up power to the satisfaction of the Department of
369 Public Utility Control, each electric distribution company shall provide
370 electric generation services to any customer who has entered into a
371 service contract with an electric supplier that fails to provide electric

372 generation services for reasons other than the customer's failure to pay
373 for such services. Between January 1, 2000, and December 31, 2006, an
374 electric distribution company may procure electric generation services
375 through a competitive bidding process or through any of its generation
376 entities or affiliates. On and after January 1, 2007, such company shall
377 procure electric generation services through a competitive bidding
378 process pursuant to a plan submitted by the electric distribution
379 company and approved by the department. Such company may
380 procure electric generation services through any of its generation
381 entities or affiliates, provided such entity or affiliate is the lowest
382 qualified bidder and provided further any such entity or affiliate is
383 licensed pursuant to section 16-245.

384 ~~[(g)]~~ (h) An electric distribution company is not required to be
385 licensed pursuant to section 16-245 to provide standard offer electric
386 generation services in accordance with subsection (a) of this section,
387 transitional standard offer service pursuant to subsection (b) of this
388 section, standard service pursuant to subsection (c) of this section,
389 supplier of last resort service pursuant to subsection ~~[(e)]~~ (f) of this
390 section or back-up electric generation service pursuant to subsection
391 ~~[(f)]~~ (g) of this section.

392 ~~[(h)]~~ (i) The electric distribution company shall be entitled to recover
393 reasonable costs incurred as a result of providing standard offer
394 electric generation services pursuant to the provisions of subsection (a)
395 of this section, transitional standard offer service pursuant to
396 subsection (b) of this section, standard service pursuant to subsection
397 (c) of this section or back-up electric generation service pursuant to
398 subsection ~~[(f)]~~ (g) of this section. The provisions of this section and
399 section 16-244a shall satisfy the requirements of section 16-19a until
400 January 1, 2007.

401 ~~[(i)]~~ (j) The Department of Public Utility Control shall establish, by
402 regulations adopted pursuant to chapter 54, procedures for when and
403 how a customer is notified that his electric supplier has defaulted and

404 of the need for the customer to choose a new electric supplier within a
405 reasonable period of time.

406 [(j)] (k) (1) Notwithstanding the provisions of subsection [(d)] (e) of
407 this section regarding an alternative transitional standard offer option
408 or an alternative standard service option, an electric distribution
409 company providing transitional standard offer service, standard
410 service, supplier of last resort service or back-up electric generation
411 service in accordance with this section shall contract with its wholesale
412 suppliers to comply with the renewable portfolio standards. The
413 Department of Public Utility Control shall annually conduct a
414 contested case, in accordance with the provisions of chapter 54, in
415 order to determine whether the electric distribution company's
416 wholesale suppliers met the renewable portfolio standards during the
417 preceding year. An electric distribution company shall include a
418 provision in its contract with each wholesale supplier that requires the
419 wholesale supplier to pay the electric distribution company an amount
420 of five and one-half cents per kilowatt hour if the wholesale supplier
421 fails to comply with the renewable portfolio standards during the
422 subject annual period. The electric distribution company shall
423 promptly transfer any payment received from the wholesale supplier
424 for the failure to meet the renewable portfolio standards to the
425 Renewable Energy Investment Fund for the development of Class I
426 renewable energy sources. Any payment made pursuant to this section
427 shall not be considered revenue or income to the electric distribution
428 company.

429 (2) Notwithstanding the provisions of subsection [(d)] (e) of this
430 section regarding an alternative transitional standard offer option or
431 an alternative standard service option, an electric distribution
432 company providing transitional standard offer service, standard
433 service, supplier of last resort service or back-up electric generation
434 service in accordance with this section shall, not later than July 1, 2008,
435 file with the Department of Public Utility Control for its approval one
436 or more long-term power purchase contracts from Class I renewable

437 energy source projects that receive funding from the Renewable
438 Energy Investment Fund and that are not less than one megawatt in
439 size, at a price that is either, at the determination of the project owner,
440 (A) not more than the total of the comparable wholesale market price
441 for generation plus five and one-half cents per kilowatt hour, or (B)
442 fifty per cent of the wholesale market electricity cost at the point at
443 which transmission lines intersect with each other or interface with the
444 distribution system, plus the project cost of fuel indexed to natural gas
445 futures contracts on the New York Mercantile Exchange at the natural
446 gas pipeline interchange located in Vermillion Parish, Louisiana that
447 serves as the delivery point for such futures contracts, plus the fuel
448 delivery charge for transporting fuel to the project, plus five and one-
449 half cents per kilowatt hour. In its approval of such contracts, the
450 department shall give preference to purchase contracts from those
451 projects that would provide a financial benefit to ratepayers or would
452 enhance the reliability of the electric transmission system of the state.
453 Such projects shall be located in this state. The owner of a fuel cell
454 project principally manufactured in this state shall be allocated all
455 available air emissions credits and tax credits attributable to the project
456 and no less than fifty per cent of the energy credits in the Class I
457 renewable energy credits program established in section 16-245a
458 attributable to the project. On and after October 1, 2007, and until
459 September 30, 2008, such contracts shall be comprised of not less than a
460 total, apportioned among each electric distribution company, of one
461 hundred twenty-five megawatts; and on and after October 1, 2008,
462 such contracts shall be comprised of not less than a total, apportioned
463 among each electrical distribution company, of one hundred fifty
464 megawatts. The cost of such contracts and the administrative costs for
465 the procurement of such contracts directly incurred shall be eligible for
466 inclusion in the adjustment to the transitional standard offer as
467 provided in this section and any subsequent rates for standard service,
468 provided such contracts are for a period of time sufficient to provide
469 financing for such projects, but not less than ten years, and are for
470 projects which began operation on or after July 1, 2003. Except as

471 provided in this subdivision, the amount from Class I renewable
472 energy sources contracted under such contracts shall be applied to
473 reduce the applicable Class I renewable energy source portfolio
474 standards. For purposes of this subdivision, the department's
475 determination of the comparable wholesale market price for
476 generation shall be based upon a reasonable estimate. On or before
477 September 1, 2007, the department, in consultation with the Office of
478 Consumer Counsel and the Renewable Energy Investments Advisory
479 Council, shall study the operation of such renewable energy contracts
480 and report its findings and recommendations to the joint standing
481 committee of the General Assembly having cognizance of matters
482 relating to energy.

483 [(k)] (l) (1) As used in this section:

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

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

490 (C) "Small commercial customer" means a customer who is eligible
491 for standard service and who takes electric distribution-related service
492 from an electric distribution company pursuant to a small commercial
493 tariff.

494 (D) "Qualifying electric offer" means an offer to provide full
495 requirements commodity electric service and all other generation-
496 related service to a residential or small commercial customer at a fixed
497 price per kilowatt hour for a term of no less than one year.

498 (2) In the manner determined by the department, residential or
499 small commercial service customers (A) initiating new utility service,
500 (B) reinitiating service following a change of residence or business

501 location, (C) making an inquiry regarding their utility rates, or (D)
502 seeking information regarding energy efficiency shall be offered the
503 option to learn about their ability to enroll with a participating electric
504 supplier. Customers expressing an interest to learn about their electric
505 supply options shall be informed of the qualifying electric offers then
506 available from participating electric suppliers. The electric distribution
507 companies shall describe then available qualifying electric offers
508 through a method reviewed and approved by the department. The
509 information conveyed to customers expressing an interest to learn
510 about their electric supply options shall include, at a minimum, the
511 price and term of the available electric supply option. Customers
512 expressing an interest in a particular qualifying electric offer shall be
513 immediately transferred to a call center operated by that participating
514 electric supplier.

515 (3) Not later than September 1, 2007, the department shall establish
516 terms and conditions under which a participating electric supplier can
517 be included in the referral program described in subdivision (2) of this
518 subsection. Such terms shall include, but not be limited to, requiring
519 participating electrical suppliers to offer time-of-use and real-time use
520 rates to residential customers.

521 (4) Each calendar quarter, participating electric suppliers shall be
522 allowed to list qualifying offers to provide electric generation service
523 to residential and small commercial customers with each customer's
524 utility bill. The department shall determine the manner such
525 information is presented in customers' utility bills.

526 (5) Any customer that receives electric generation service from a
527 participating electric supplier may return to standard service or may
528 choose another participating electric supplier at any time, including
529 during the qualifying electric offer, without the imposition of any
530 additional charges. Any customer that is receiving electric generation
531 service from an electric distribution company pursuant to standard
532 service can switch to another participating electric supplier at any time

533 without the imposition of additional charges.

534 [(l)] (m) Each electric distribution company shall offer to bill
535 customers on behalf of participating electric suppliers and to pay such
536 suppliers in a timely manner the amounts due such suppliers from
537 customers for generation services, less a percentage of such amounts
538 that reflects uncollectible bills and overdue payments as approved by
539 the Department of Public Utility Control.

540 [(m)] (n) On or before July 1, 2007, the Department of Public Utility
541 Control shall initiate a proceeding to examine whether electric supplier
542 bills rendered pursuant to section 16-245d and any regulations
543 adopted thereunder sufficiently enable customers to compare pricing
544 policies and charges among electric suppliers.

545 [(n)] (o) Nothing in the provisions of this section shall preclude an
546 electric distribution company from entering into standard service
547 supply contracts or standard service supply components with electric
548 generating facilities.

549 Sec. 3. Subdivision (45) of subsection (a) of section 16-1 of the
550 general statutes is repealed and the following is substituted in lieu
551 thereof (*Effective July 1, 2009*):

552 (45) "Sustainable biomass" means biomass that is cultivated and
553 harvested in a sustainable manner. "Sustainable biomass" does not
554 mean construction and demolition waste, as defined in section 22a-
555 208x, finished biomass products from sawmills, paper mills or stud
556 mills, organic refuse fuel derived separately from municipal solid
557 waste, or biomass from old growth timber stands, except where (A)
558 such biomass is used in a biomass gasification plant that received
559 funding prior to May 1, 2006, from the Renewable Energy Investment
560 Fund established pursuant to section 16-245n, [or] (B) the energy
561 derived from such biomass is subject to a long-term power purchase
562 contract pursuant to subdivision (2) of subsection [(j)] (k) of section 16-
563 244c, as amended by this act, entered into prior to May 1, 2006, (C)

564 such biomass is used in a renewable energy facility that is certified as a
565 Class I renewable energy source by the department until such time as
566 the department certifies that any biomass gasification plant, as defined
567 in subparagraph (A) of this subdivision, is operational and accepting
568 such biomass, in an amount not to exceed one hundred forty thousand
569 tons annually, is used in a renewable energy facility that was certified
570 as a Class I renewable energy source by the department prior to
571 December 31, 2007, and uses biomass, including construction and
572 demolition waste, as defined in section 22a-208x, from a Connecticut-
573 sited transfer station and volume-reduction facility that generated
574 biomass during calendar year 2007 that was used during calendar year
575 2007 to generate Class I renewable energy certificates, or (D) in the
576 event there is no facility as described in subparagraph (A) or (C) of this
577 subdivision accepting such biomass, in an amount not to exceed one
578 hundred forty thousand tons annually, is used in one or more other
579 renewable energy facilities certified either as a Class I or Class II
580 renewable energy source by the department, provided such facilities
581 use biomass, including construction and demolition waste, as defined
582 in [said] section 22a-208x, from a Connecticut-sited transfer station and
583 volume-reduction facility that generated biomass during calendar year
584 2007 that was used during calendar year 2007 to generate Class I
585 renewable energy certificates. Notwithstanding the provisions of
586 subparagraphs (C) and (D) of this subdivision, the amount of biomass
587 specified in said subparagraphs shall not apply to a biomass
588 gasification plant, as defined in subparagraph (A) of this subdivision.

589 Sec. 4. Subsection (b) of section 16a-47a of the general statutes is
590 repealed and the following is substituted in lieu thereof (*Effective July*
591 *1, 2009*):

592 (b) The goals of the campaign established pursuant to subsection (a)
593 of this section shall include, but not be limited to, educating electric
594 consumers regarding (1) the benefits of pursuing strategies that
595 increase energy efficiency, including information on the Connecticut
596 electric efficiency partner program established pursuant to section 16a-

597 46e and combined heat and power technologies, (2) the real-time
598 energy reports prepared pursuant to section 16a-47d and the real-time
599 energy alert system prepared pursuant to section 61 of public act 07-
600 242*₂ and (3) the option of choosing participating electric suppliers, as
601 defined in subsection [(k)] (l) of section 16-244c, as amended by this
602 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	16-244b
Sec. 2	<i>July 1, 2009</i>	16-244c
Sec. 3	<i>July 1, 2009</i>	16-1(a)(45)
Sec. 4	<i>July 1, 2009</i>	16a-47a(b)

Statement of Purpose:

To lower electricity prices for residential and business customers.

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